CHALIECO

中鋁國際工程股份有限公司

China Aluminum International Engineering Corporation Limited

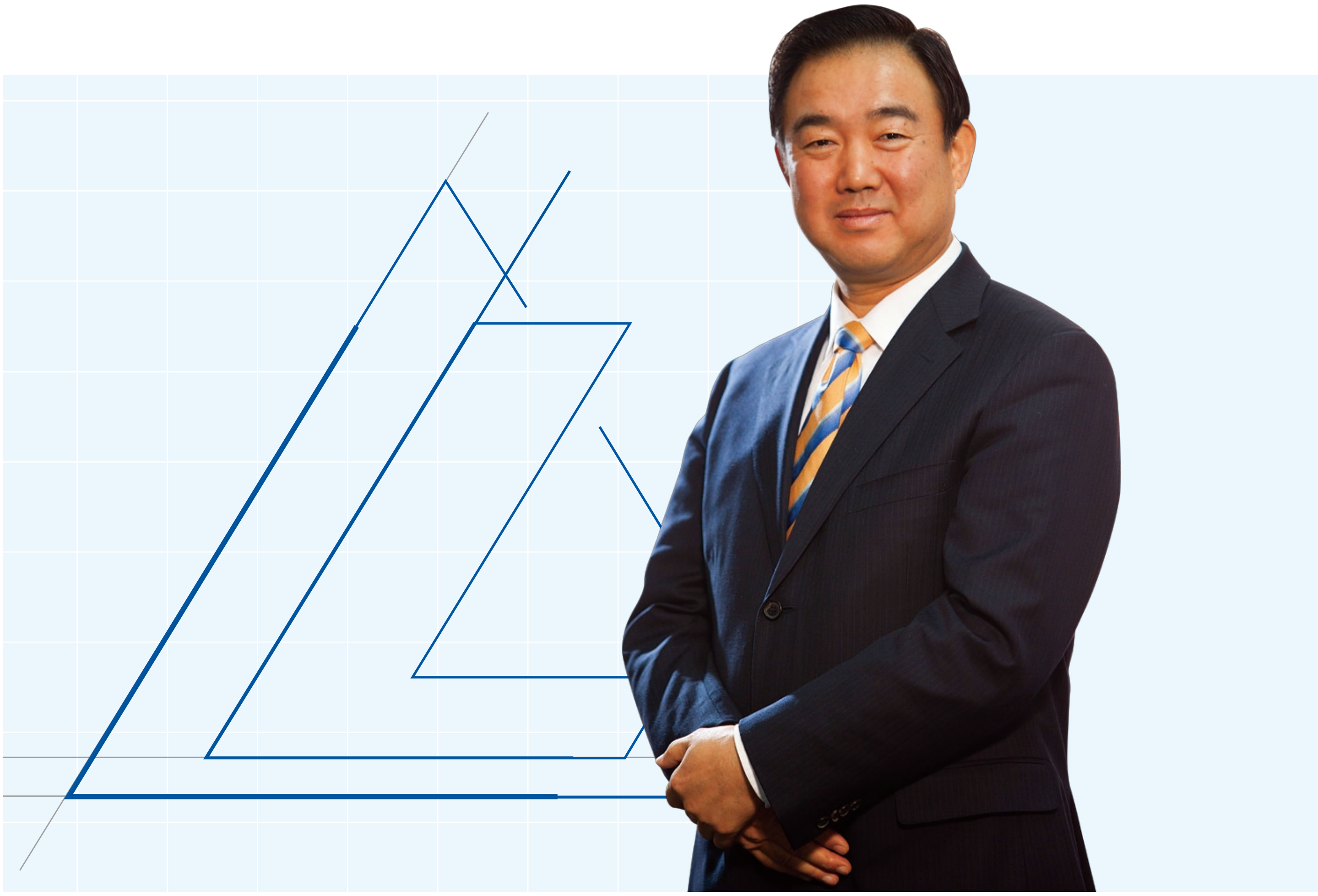
(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 2068

Annual Report 2012

CONTENTS

CHAIRMAN'S STATEMENT



Dear Shareholders,

Chalieco reached a milestone in 2012. In the turgid international capital market, Chalieco became the first China-based nonferrous engineering technology company listed on the Hong Kong Stock Exchange. Leveraging on the positive platform built, with full confidence, the Company actively coped with tough market conditions by implementing various measures to meet our business targets for the year. We have made remarkable progress in all respects and have entered a new stage characterized by steady operations and innovative developments.

The Company recognized a revenue of RMB16,466 million in 2012, representing an increase of 35.0% compared with last year. Net profit attributable to Shareholders of the Company reached RMB1,107 million, representing a growth of 36.9% over last year. Basic earnings per share amounted to RMB0.45. The value of new contracts entered into this year amounted to RMB36,700 million, representing a rise of 27.0% over last year.

In the 2012 ranking list of all domestic investigation and design enterprises, Chalieco ranked 11th out of the 100 leading corporations in terms of operating income and 4th out of the 50 leading corporations in terms of income from overseas business. The Engineering News-Record ("ENR") of United States and Construction Times of China jointly accredited the Company as the "Engineering Design Enterprise with the Strongest Total General Contracting Capacity" (最具總承包實力的工程設計企業) among the "60 Best Chinese Contractors and Engineering Design Enterprises" (中國承包商和工程設計企業雙60強). These achievements embodied the Company's effort and were of significant importance. On behalf of the Board of Directors of the Company, I would like to take this opportunity to express my sincere gratitude to our investors, customers and partners, for their care and support. I would also like to send my regard and blessing to our staffs and their families around the world for their committed devotion.

2013 is the tenth anniversary of Chalieco, as well as a pivotal year for the Company to consolidate its past experience and set a new course to achieve our development objectives during the "Twelfth Five-Year Plan". Amid the uncertain and changing international economic condition, the slow trend of global economic growth will persist. The increasing pressure from potential inflation and asset bubble will continue to stress all enterprises with unpredictable challenges and risks. Chalieco will overcome difficulties and seek opportunities in this tough environment by evaluating the market trend and expanding its development. The Company will endeavour to improve its technology, products and service, in order to create values for our customers. With an optimization in management, competitiveness and profitability, the Company will strive to enhance its value, culture and brand recognition, gradually becoming a competitive technology and service provider in the international market.

In 2013, Chalieco will further improve its legal person-orientated governance structure, carry out strategic transition and adjust its corporate structure. The Company aims to coordinate two markets with two types of resources by facilitating self-innovation with a scientific approach. Through developments in both domestic and international markets, the Company strives to deliver satisfactory operating results to our Shareholders and the society. The harmonious growth of the Company will encourage all-rounded development of our staffs and foster vigorous industrial development. Through these measures, the Company hopes to assume its social responsibilities as a corporate citizen.

The beginning of a new year symbolizes a fresh and auspicious start. With better education, a more stable employment condition, an increase in salary and more reliable social insurance, our expectations can be materialized through the cooperation and contribution of the society and every citizen. Chalieco is willing to cooperate with the organizations and individuals of various sectors to realise their dreams. Increasing communication and cooperation in every sector will drive the economy forward and create a better future.

Zhang Chengzhong
Chairman

PRESIDENT'S STATEMENT

Dear Shareholders,

With the principal focus of enriching our business with services in high quality and values, Chalieco has formed innovative development ideas and captured market opportunities in 2012 against vulnerable market situations. The Company worked diligently in adopting a market-oriented and revolutionary approach, successfully entered into a new stage of scientific development. The total assets, operating income and profits of the Company all reached high record for the year. The Company's successful Listing on the Main Board of Hong Kong Stock Exchange has brought it onto the international capital market platform. With improved market adaptability, comprehensive capability and market competitiveness, the Company is receiving increasing recognition in the industry and has become "the strongest contractor among engineering design enterprises" among peer companies in 2012.

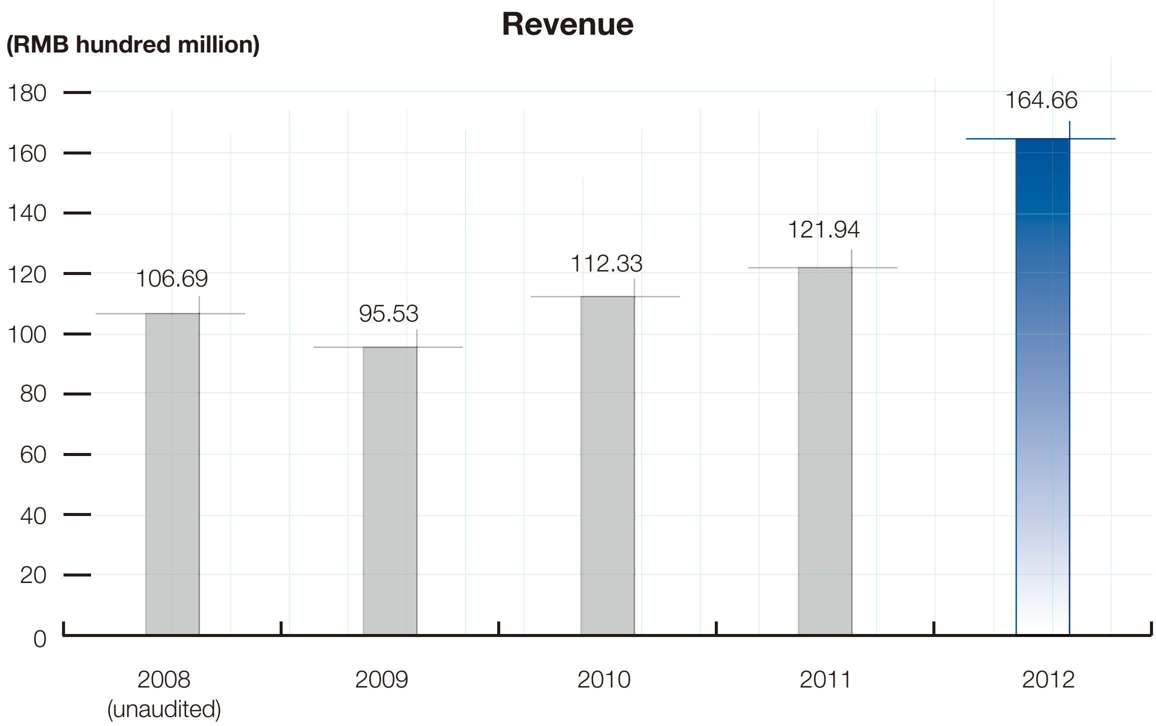
Looking into year 2013, Chalieco is facing heightened challenges. Meeting customers, Shareholders and society's increasing expectations is a pressing priority for the Company. Adhering to the guiding principles of expansion and a diversification in business, improvement in nonferrous business and sustainable brand building, we aspire to maintain rapid growth in the number of new contracts, operating income and profits and eliminate any significant quality or safety accidents as our operating target in 2013. Meanwhile, the Company will speed up the construction of research centers of our members and increase our efforts in research projects in order to generate more promising results and enhance the competiveness of the Company.

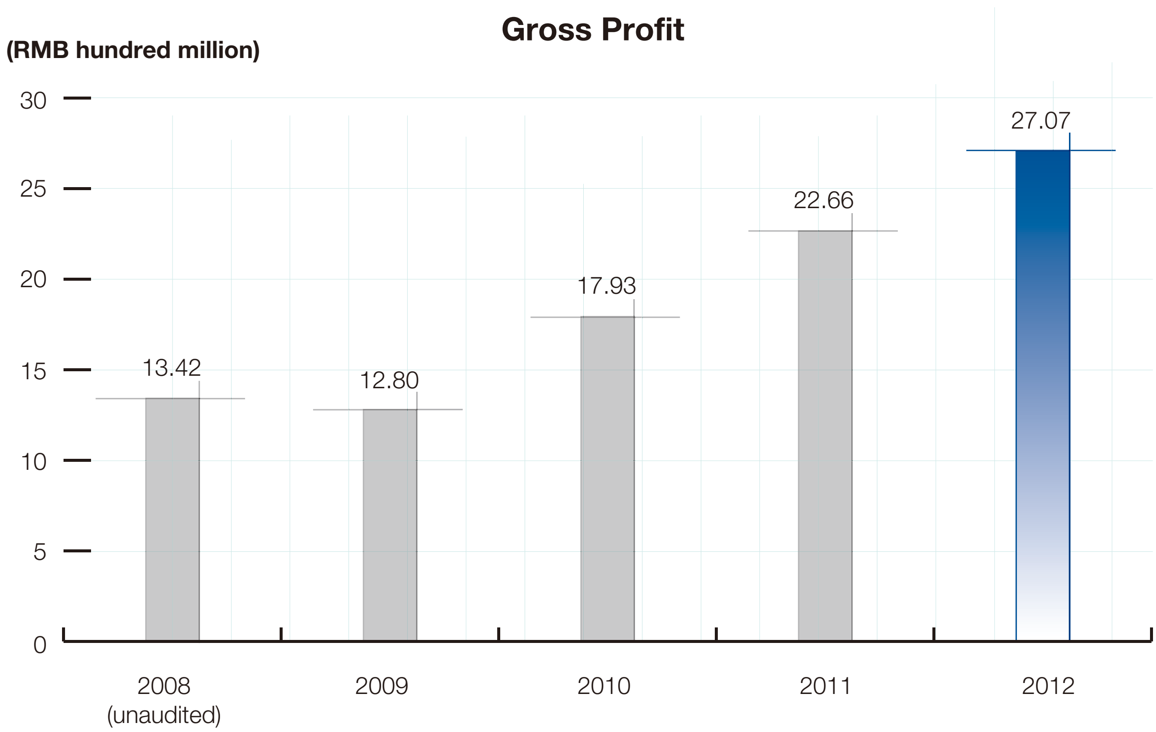
Based on the abovementioned targets, Chalieco will focus on two development approaches in year 2013. One of which is the continual development in scientific innovation and the construction of innovation platform, with the goal of reinforcing its market leader position in the technological arena. Another approach is to persist in internationalized operation, increasing its international market presence whilst strengthening domestic businesses. To be more specific, Chalieco will adhere to the mindset that technology is the most important competitiveness of Chalieco, leading the Company to its future development by creating technological results. It will continue to expand the depth and width of market reformation to activate the development momentum of the Company. It will also continue to promote the incorporation of customer value into the Company's culture. The Company believes that comprehensive implementation of operational transform will strengthen the foundation of corporate management.

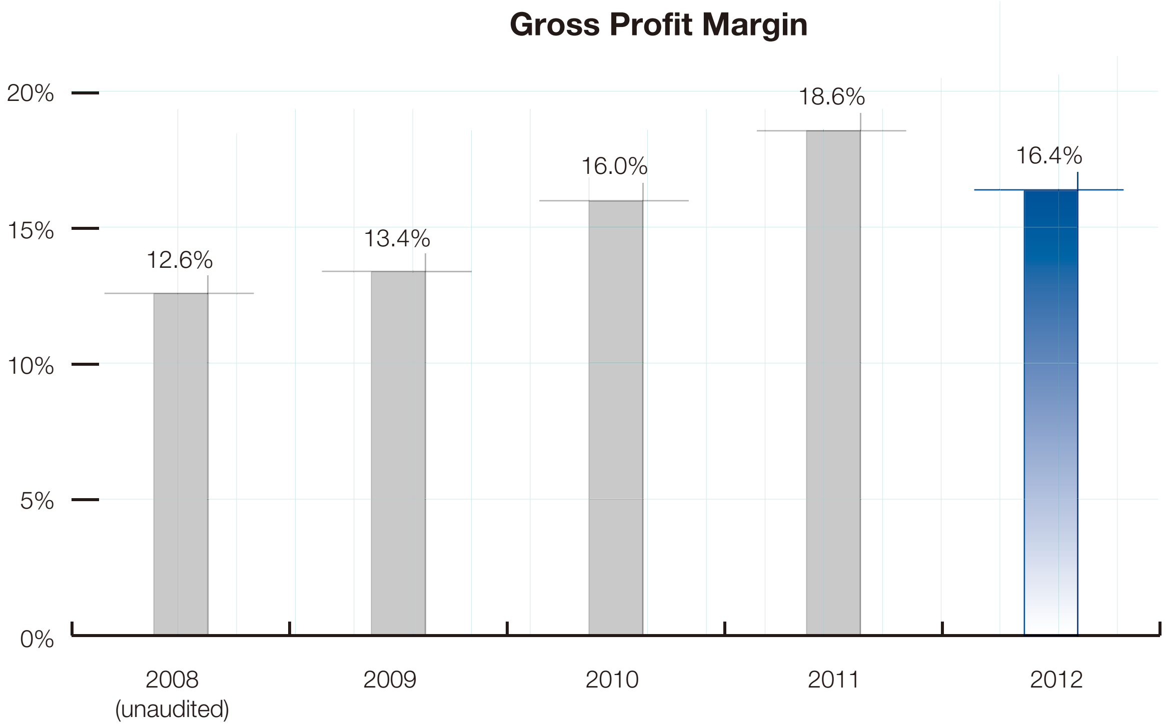
We strongly believe that our hard work will be rewarded. We will realize our targets expectably as long as we have strong confidence and passions.

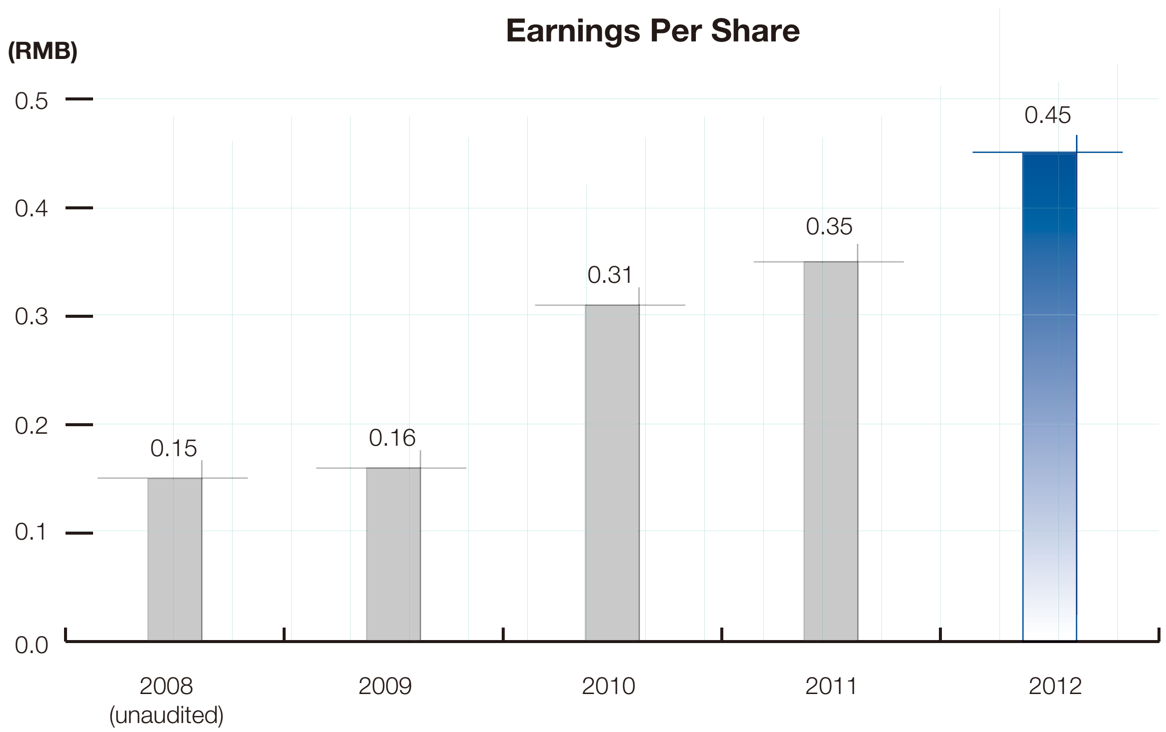
He Zhihui
President

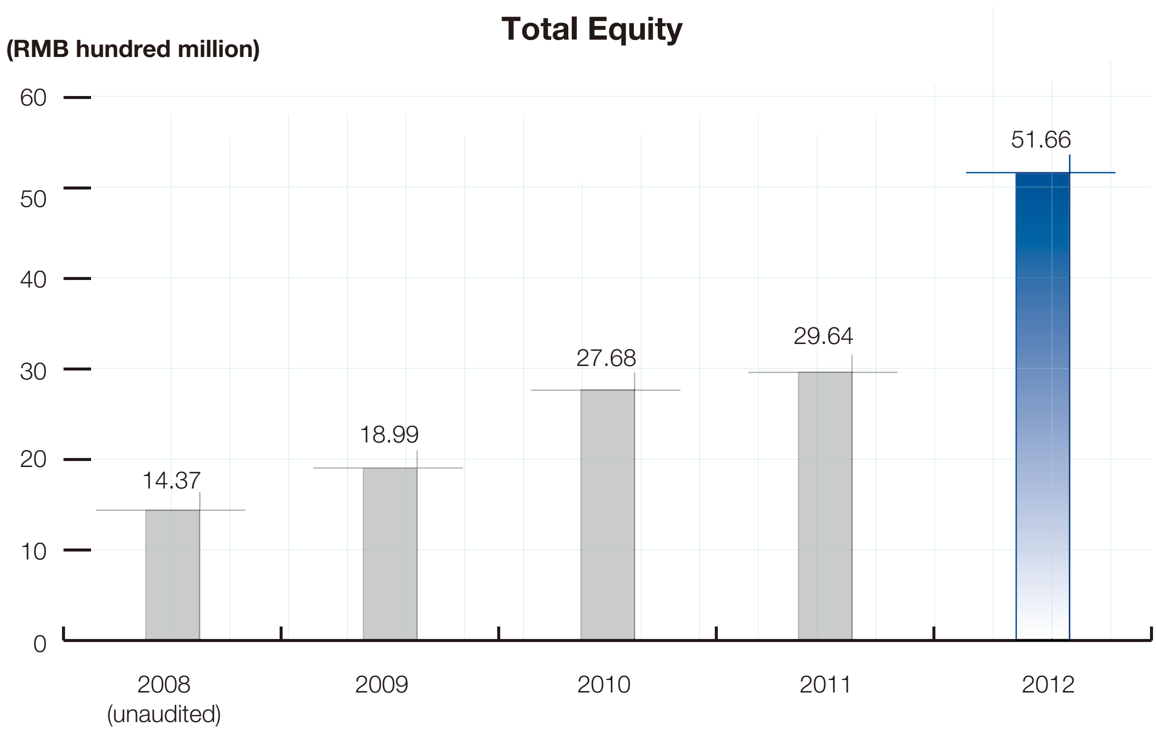
FINANCIAL INFORMATION SUMMARY

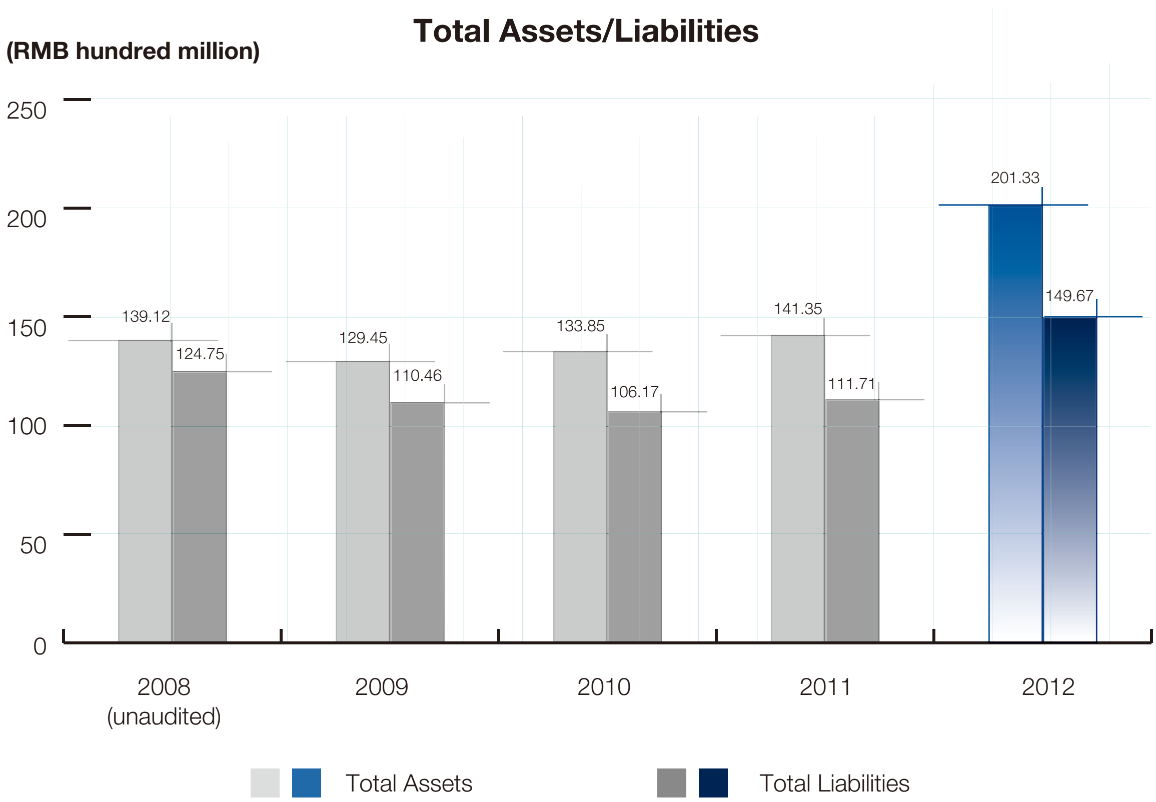





Gross Profit Margin
20%
15%
10%
5%
0%
12.6%
13.4%
16.0%
18.6%
16.4%
2008
(unaudited)
2009
2010
2011
2012


Earnings Per Share
(RMB)
0.5
0.4
0.3
0.2
0.1
0.0
0.15
0.16
0.31
0.35
0.45
2008
(unaudited)
2009
2010
2011
2012


Total Equity
(RMB hundred million)
60
50
40
30
20
10
0
14.37
18.99
27.68
29.64
51.66
2008
(unaudited)
2009
2010
2011
2012


Total Assets/Liabilities
(RMB hundred million)
250
200
150
100
50
0
139.12
124.75
129.45
110.46
133.85
106.17
141.35
111.71
201.33
149.67
2008
(unaudited)
2009
2010
2011
2012
Total Assets
Total Liabilities

CORPORATE PROFILE

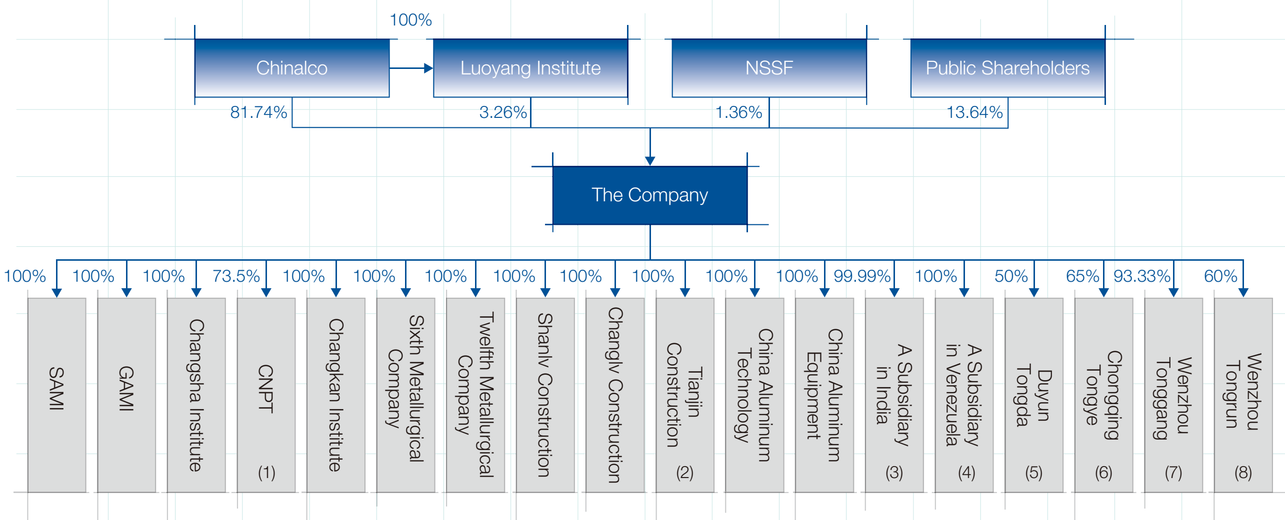
THE ISSUANCE AND LISTING OF THE SHARES

The Company is a subsidiary of Chinalco and was listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2068) on 6 July 2012 with an offering price of HK$3.93 per share. As of 31 December 2012, of the total number of shares of the Company is 2,663,160,000 shares, of which 399,476,000 shares are listed on the Main Board, accounting for 15% of the total shares.

BUSINESS OVERVIEW

The Group is a leading technology, engineering service and equipment provider in the nonferrous metals industry in China, capable of providing full business-chain integrated engineering solutions throughout various stages of the nonferrous metals industry chain. Our businesses include engineering design and consultancy, engineering and construction contracting and equipment manufacturing.

CORPORATE STRUCTURE



Notes:

(1) The remaining 26.5% of the equity interest is held by Suzhou Changguang Enterprises Development Co., Ltd. (蘇州長光企業發展有限公司) (17.5%), China Nonferrous Engineering Co., Ltd. (中國有色工程有限公司) (6%), Beijing General Research Institute for Nonferrous Metals (北京有色金屬研究總院) (2%) and Powder Metallurgy Engineering Research Centre of Central South University Co., Ltd (中南大學粉末冶金工程研究中心有限公司) (1%), all of which are independent third parties.

(2) Jinlv Construction was renamed as Tianjin Construction in December 2012.

(3) China Aluminium International Engineering (India) Private Limited. The remaining 0.01% interests are held by Mr. Zhang Jiazhi, one of our employees.

(4) Chalieco Venezuela C.A..

(5) The remaining 50% interests are held as to 30% and 20% by Sixth Metallurgical Company and GAMI respectively.

(6) The Company was established in November 2011 and its remaining 35% interests are held by Twelfth Metallurgical Company.

(7) The remaining 6.67% interests are held by Sixth Metallurgical Company.

(8) The remaining 40% interests are held by Changsha Institute.

“The three tie-calcinators under the project of Guangxi Huayin Aluminium Co.,Ltd. contracted by the Group by EPC”

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY OVERVIEW AND SEGMENT BUSINESS CONDITION

Industry Overview for 2012

According to the statistic of China Nonferrous Metals Industry Association (中國有色金屬工業協會), our production and consumption of ten kinds of nonferrous metals in 2012 maintained a steady growth, of which production capacity is 36.91 million tones, representing a year-on-year growth of 9.3%, the fixed assets investment of China's nonferrous metals was RMB551.6 billion, representing a year-on-year growth of 15.5%, of which year-on-year growth of investment in mining, smelting and processing was 13.4%, –5.0% and 44.6% respectively. The fact that there was a rapid growth in mining and processing despite a slight decrease in smelting indicated that the investment in fixed asset of nonferrous metals industry is increasing, and its development mode is changing and the industrial structure is optimizing.

Business Operation

During the reporting period, the domestic and global economic environment faced heightened complication and uncertainties, coupled with structural changes in various domestic industries, enterprise transformation as well as the fierce competition in engineering infrastructure market. In face of the headwind generated from the changing operation environment and competition pressure, the Group has leveraged on the advantage inherent in the integrated platform of the Company by means of state-owned company and finance channel. Its leading position in design and engineering and construction in nonferrous metals field has been maintained by strengthening its cooperation with the government and actively engaging in business communication and project negotiation with various local governments. The Group's remarkable engagement has landed it with large number of engineering projects beyond the industry of construction municipal facilities, affordable housing and civil construction industry. The Group has significantly enhanced its brand awareness and laid solid foundation for market expansion in other industries in 2013. The highlights in this regard are as follow:

1. Enhanced competitiveness and expanded business coverage. To adapt to its pace with the development trend of emergent industries and meet the need for business expansion, the Group has enhanced its qualification on professional consultation by introducing relevant professional consultation, assessment, design and construction consultation. The process involved upgrading original qualification. All the above measurements have granted a permit for the company to penetrate the new business arena. Conjunctively, the Group's effort is seen in integrating energy conservation, environmental protection and safe technology into its product and services. The development outlook of the Group is particularly promising driven by its development of new businesses and growth generator through industrialization.

2. Business features with typical export-oriented structure. Business areas beyond the nonferrous industry experienced significant growth and showed diversities, which involved area reconstruction of inner-city village, construction of affordable houses, municipal facilities and highway. The Group achieved remarkable accomplishments on strategy transformation and structure restructuring.

3. The profitability of the Group has been secured through the smooth progress of several projects under construction. On 26 December 2012, the alumina plant situated in Lam Dong, Vietnam as contracted by the Group's EPC successfully commenced its production. This is the first plant ever in the history of Vietnam which has been officially put into production. Apart from this, over RMB400 million of investment fund has been recovered from the conclusion of repurchase contract of Chongqing Liangjiang Public Rental Housing projects. Following this on, contracts of subsequent projects will be executed on more favourable terms and conditions which will avoid the risk in capital injection in the projects. This project is the first close loop operation for our BT (Build – Transfer) project and the Group has achieved valuable experience in this area. As for the first EPC contracting project of the Group located in Venezuela, the production capacity restoration project of ALCASA aluminum industry is smoothly progressing according to plans. The 80.0%, 78.5% and 50.9% of the design, purchase and relevant equipment manufacturing are completed respectively.

Copper mine processing plant in Jiangxi Dexin

4. Implementation of overseas business layout and accelerating the coverage of networking. In accordance with the oversea developing plans, which intend to build four major overseas business bases in South East Asia, South America, Middle East and Central Asia, the Group established branches or subsidiaries in Venezuela, Saudi Arabia and India, and set up a representative office in Vietnam, gradually formed an international information network and operation network, creating fundamental pre-conditions for target market penetration and development, i.e. the regions with rich resources. Meanwhile, we strived to pitch potential clients and carry out preliminary tracking by developing international markets, such as Venezuela, Norway, Turkey, Russia, Brazil and Kazakhstan, providing a solid basis for projects to be implemented in 2013.

Contracts

The aggregated value of contracts newly signed in 2012 amounted to RMB36,700 million, representing an increase of 27.0% as compared with the corresponding period over last year. The contracts backlog of the Company as of 31 December 2012 amounted to RMB46,500 million, representing an increase of 45.0% over the end of last year.

Condition of scientific research

Progress of Construction of technological platform

The establishment and opening of State Technology Research Center of Engineering Equipment of Electrolytic Aluminum and Electrolytic Magnesium has officially commenced with the approval of government. There were two corporate technical centers approved to become provincial corporate technical centers. Currently, the Group possessed 1 national level engineering technical research center and 6 provincial technical centers. There were 4 national "863" significant technological projects and 1 international cooperation project approved. As of 31 December 2012, the Group had 6 National Engineering, Survey and design Masters and 22 survey and design Masters in Nonferrous metals industry.

Application for patents and authorization

In 2012, the Group applied for 588 patents, of which 6 are international patents, and 497 patents were granted authorization of which 18 are patents with international authorization. There were 56 technical standards and models for different levels which were edited and sub-edited by the Group, of which 30 were standards of national level. Construction enterprises attained satisfactory results in technological innovation. The Company applied for 48 patents and 12 were granted. Applications for 52 patents of provincial industrial methods were granted, increasing the technological elements of construction and installation of Jianan. As of 31 December 2012, the Group totally applied for 5,216 patents and 3,491 were granted authorization, of which 133 are international patents and 30 were granted authorization.

Progress of major scientific research projects and results

The technological results were remarkable. The 12 test tanks of the national 863 projects "600kA large prebaked positive electrolytic tank technological development" were fully activated and passed the mid-term test of the Ministry of Science and Technology. The flow of pilot production line of "Technology of production of alumina from coal ash" was opened in the mid-term test. It was a breakthrough in the technical development of comprehensive usage of low quality alumina. "Technical development of oxygen-enriched side-blown smelting furnace of copper-nickel" reached leading international standards. "Equipment and techniques of gasification and casting of aluminum alloy and magnesium alloy" possessed conditions of application and promotion. The technical performance and social benefits of "three dimensional system EWRS of mine" is promising. Ministry of Industry and Information Technology of PRC (國家工信部), State Administration of Work Safety (國家安監總局) and Nonferrous Society (有色協會) included the new model of safe production into practical equipment guidance catalogue, laying concrete foundation for its promotion and application in the future.

Awards attained

In 2012, the Group completed the verification (or evaluation) of 15 provincial technological achievements, for example, "innovation of energy-saving technique of negative conduction structure aluminum reduction cells". 11 technological achievements, for example, "Key technologies of highly efficient and clean production of lead and recovering of resources and industrialization", attained 1 National Technology Improvement Second Class Award, 3 Provincial Technological First Class Awards from industry association, 6 Provincial Technological Second Class Award and 1 Provincial Technological Third Class Award. 6 items, for example, "Rock engineering survey and design on Shenzhen CATIC Square Building (深圳中航廣場大廈)", were awarded 3 First Class, 2 Second Class and 1 Third Class of Excellent Engineering and Survey Awards from Ministry of China's Nonferrous Metals Industry. 12 items, for example, "Tri-generation energy station for air-condition, heat and electricity at Changsha Huanghua International Airport (長沙黃花國際機場)" were awarded 8 First Class and 4 Second Class of Excellent Engineering and Design Awards from Ministry of China's Nonferrous Metals Industry. 16 projects, for example, "Feasibility research report on 15kt/a sponge titanium project for Pangang Group Titanium Co., Ltd. (攀鋼集團鈦業有限責任公司)" were awarded 9 First Class, 6 Second Class and 1 Third Class of Excellent Engineering and Consultation Awards from Ministry of China's Nonferrous Metals Industry. 4 engineering projects were awarded the National Excellent Engineering Silver Award and 15 engineering projects were awarded the Provincial Excellent Engineering Awards.

Investment in R&D of Technology

In 2012, the Group continued to enlarge its investment in research and development of technology. The expenditure on research and development of technology amounted to RMB951 million, representing an increase of 1.4 percentage points over last year's inputs, and contributing 5.8% of the total operating revenue of the year.

2. OPERATING RESULTS AND DISCUSSION

Overview

The Group achieved significant growth in its profit in 2012. Net profit for the year amounted to RMB1,148 million, representing an increase of 35.8% from RMB846 million in 2011. Net profit attributable to shareholders rose by 36.9% from RMB808 million in 2011 to RMB1,107 million in 2012.

Operating income

Our income was mainly generated from engineering design and consultancy, engineering and construction contracting, as well as equipment manufacturing.

The Group recorded an operating income of RMB16,466 million in 2012, representing an increase of 35.0% from RMB12,194 million in 2011. The primary reasons to the growth in income were that the Group received sufficient business orders, engineering and construction contracting business and engineering design and consultancy business grew at a faster pace, projects under construction increased and entered into construction peak seasons in droves, resulting in an increase in revenue.

The following table sets forth our segment revenue:

	2012		2011		**% of change**
	(RMB'000)	**% of total revenue before inter-segment elimination**	(RMB'000)	% of total revenue before inter-segment elimination	
Engineering design and consultancy	**2,140,445**	**12.8**	1,595,172	12.8	34.2
Engineering and construction contracting	**13,569,084**	**81.1**	9,863,055	79.2	37.6
Equipment manufacturing	**1,024,076**	**6.1**	1,002,385	8.0	2.2
Subtotal	**16,733,605**	**100.0**	12,460,612	100.0	34.3
Inter-segment elimination	**(267,633)**		(266,167)		
Total revenue	**16,465,972**		12,194,445		35.0

Other income and other gains/(losses)-net

The Group recorded other net income and other net gains/(losses) – net of RMB106 million in 2012, representing a growth of 103.1% from RMB52 million in 2011, primarily due to an increase in government grants for the Group and gains from foreign currency exchange.

Operating expenses

The Group recorded operating expenses of RMB15,060 million in 2012, representing an increase of 36.0% from RMB11,075 million in 2011, primarily due to an expansion in production and operating scale which resulted in an increase in operating expenses accordingly.

Operating profit

The Group recorded an operating profit of RMB1,512 million in 2012, representing an increase of 29.1% from RMB1,171 million in 2011, primarily due to a substantial increase in operating income, partially offset by an increase in the costs for materials, equipment and subcontracting.

Finance expenses-net

The Group recorded net finance expenses of RMB69 million in 2012, which basically remained at the same level as RMB73 million in 2011.

Income tax

The Group recorded income tax expense of RMB293 million in 2012, representing an increase of 16.7% from RMB251 million in 2011, primarily due to an increase in profit before tax. Our effective income tax rate decreased from 22.9% in 2011 to 20.3% in 2012, mainly due to (1) increase in the percentage of realised profit of the subsidiaries under preferential income tax rate during the year to total corporate profit; (2) increase in investment of technological research and development and increase in income tax offset; (3) increase in the number of subsidiaries entitled to preferential income tax rate.

Segmental operating results

The following table sets forth the gross profit, segment results of each of our business segments for the years as indicated:

	2012		2011		Variance	
	Gross Profit (RMB million)	Segment results (RMB million)	Gross Profit (RMB million)	Segment results (RMB million)	Gross Profit (RMB million)	Segment results (RMB million)
Engineering design and consultancy	937.50	472.64	787.92	308.92	149.58	163.72
Engineering and construction contracting	1,524.50	932.08	1,176.74	712.16	347.76	219.92
Equipment manufacturing	264.25	106.13	323.82	161.22	(59.57)	(55.09)
Subtotal	2,726.25	1,510.85	2,288.48	1,182.30	437.77	328.55
Inter-segment elimination	(19.69)	0.92	(22.25)	(11.28)	2.56	12.20
Total	2,706.56	1,511.77	2,266.23	1,171.02	440.33	340.75

Engineering Design and Consultancy

The principal segment result data for our engineering design and consultancy business is as follows:

	2012		2011		% of Change
	(RMB'000)	(% of Segment Revenue)	(RMB'000)	(% of Segment Revenue)	
Segment revenue	2,140,445	100.0	1,595,172	100.0	34.2
Cost of sales	(1,202,943)	(56.2)	(807,252)	(50.6)	49.0
Gross profit	937,502	43.8	787,920	49.4	19.0
Sales and marketing expenses	(125,032)	(5.8)	(114,580)	(7.2)	9.1
Administrative expenses	(373,861)	(17.5)	(365,837)	(22.9)	2.2
Other income and other gains or loss – net	34,028	1.6	1,417	0.1	2,301.4
Segment results	472,636	22.1	308,920	19.4	53.0

Segment revenue – In 2012, revenue from engineering design and consultancy business before inter-segment elimination was RMB2,140 million, representing an increase of 34.2% from RMB1,595 million in 2011, primarily due to the fact that investment and consumption of the nonferrous metals industry mainly for the PRC market continued to grow, the market demand for engineering design and consultancy business continuously increased and the revenue of engineering design and consultancy business also substantially increased.

Cost of sales – In 2012, cost of sales of engineering design and consultancy business was RMB1,203 million, representing an increase of 49.0% from RMB807 million in 2011, primarily due to increases in employee benefits and subcontracting costs as a result of the revenue growth of this segment in 2012.

Gross profit – In 2012, gross profit of engineering design and consultancy business was RMB938 million, representing an increase of 19.0% from RMB788 million in 2011. The gross profit margin maintained at over 40%.

Sales and marketing expenses – In 2012, sales and marketing expenses of engineering design and consultancy business were RMB125 million, representing an increase of 9.1% from RMB115 million in 2011. The primary cause was the increase in business tax along with business growth.

Administrative expenses – In 2012, administrative expenses of engineering design and consultancy business were RMB374 million, representing an increase of 2.2% from RMB366 million in 2011, primarily due to the increase in the Company's investments in research and development.

Segment results – As a result of the foregoing, segment results for the year from our engineering design and consultancy business were RMB473 million, representing an increase of 53.0% from RMB309 million in 2011, and contributed 31.3% of operating results of the Group.

Engineering and Construction Contracting

The principal segment result data for our engineering and construction contracting business is as follows:

	2012		2011		**% of Change**
	(RMB'000)	**(% of Segment Revenue)**	(RMB'000)	(% of Segment Revenue)	
Segment revenue	**13,569,084**	**100.0**	9,863,055	100.0	37.6
Cost of sales	**(12,044,584)**	**(88.8)**	(8,686,318)	(88.1)	38.7
Gross profit	**1,524,500**	**11.2**	1,176,737	11.9	29.6
Sales and marketing expenses	**(294,488)**	**(2.2)**	(244,282)	(2.5)	20.6
Administrative expenses	**(347,122)**	**(2.6)**	(270,702)	(2.7)	28.2
Other income and other gains or loss – net	**49,189**	**0.4**	50,410	0.5	(2.4)
Segment results	**932,079**	**6.9**	712,163	7.2	30.9

Segment revenue – In 2012, revenue of engineering and construction contracting business before inter-segment elimination was RMB13,569 million, representing an increase of 37.6% from RMB9,863 million in 2011, primarily due to the fact that the Group received sufficient business orders, new projects increased, and projects under construction entered into construction peak seasons in droves , resulting an increase in revenue.

Cost of sales – In 2012, cost of sales of engineering and construction contracting business was RMB12,045 million, representing an increase of 38.7% from RMB8,686 million in 2011, in line with the revenue growth of this segment.

Gross profit – In 2012, gross profit of engineering and construction contracting business was RMB1,525 million, representing an increase of 29.6% from RMB1,177 million in 2011. Gross profit margin maintained at over 10%.

Sales and marketing expenses – In 2012, sales and marketing expenses of engineering and construction contracting business were RMB294 million, representing an increase of 20.6% from RMB244 million in 2011, primarily due to the increase in business tax and transportation cost, along with business growth.

Administrative expenses – In 2012, administrative expenses of engineering and construction contracting business were RMB347 million, representing an increase of 28.2% from RMB271 million in 2011, primarily due to increases in employee benefits and the Company's investments in research and development.

Segment results – As a result of the foregoing, segment results for the year of our engineering and construction contracting business were RMB932 million, representing an increase of over 30% from RMB712 million in 2011, and contributing 61.7% of operating results of the Group.

Equipment Manufacturing

The principal segment result data for our equipment manufacturing business is as follows:

	2012		2011		**% of Change**
	(RMB'000)	**(% of Segment Revenue)**	(RMB'000)	(% of Segment Revenue)	
Segment revenue	**1,024,076**	**100.0**	1,002,385	100.0	2.2
Cost of sales	**(759,826)**	**(74.2)**	(678,563)	(67.7)	12.0
Gross profit	**264,250**	**25.8**	323,822	32.3	(18.4)
Sales and marketing expenses	**(11,218)**	**(1.1)**	(12,620)	(1.3)	(11.1)
Administrative expenses	**(170,136)**	**(16.6)**	(150,112)	(15.0)	(13.3)
Other income and other gains or loss – net	**23,233**	**2.3**	132	–	17,500.8
Segment results	**106,130**	**10.4**	161,222	16.1	(34.2)

Segment revenue – In 2012, revenue of equipment manufacturing business before inter – segment elimination was RMB1,024 million, which basically remained at the same level as RMB1,002 million in 2011.

Cost of sales – In 2012, cost of sales of our equipment manufacturing business was RMB760 million, representing an increase of 12.0% from RMB679 million in 2011, primarily due to an increase in material costs.

Gross profit – In 2012, gross profit of our equipment manufacturing business was RMB264 million, representing a decrease of 18.4% from RMB324 million in 2011. The gross profit margin decreased from 32.3% in 2011 to 25.8% in 2012, primarily due to the increase in costs exceeding the increase in revenue.

Sales and marketing expenses – In 2012, sales and marketing expenses of equipment manufacturing business were RMB11 million, which remained at about the same level as RMB13 million in 2011.

Administrative expenses – In 2012, administrative expenses of equipment manufacturing business were RMB170 million, representing an increase of 13.3% from RMB150 million in 2011, primarily due to the increase in research and development expenses as a result of our efforts in enhancing our research and development capabilities.

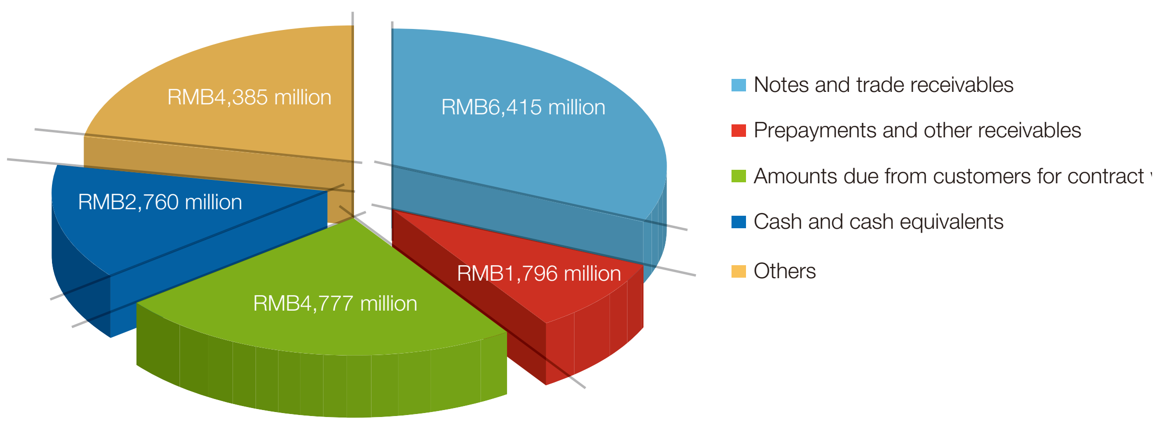
Segment results – As a result of the foregoing, segment results for the year of our equipment manufacturing business were RMB106 million, representing a decrease of 34.2% from RMB161 million in 2011 and contributing 7.0% of operating results of the Group.

Condition of Assets and Liabilities

At the end of 2012, the total assets of the Group were RMB20,133 million and total liabilities were RMB14,967 million.

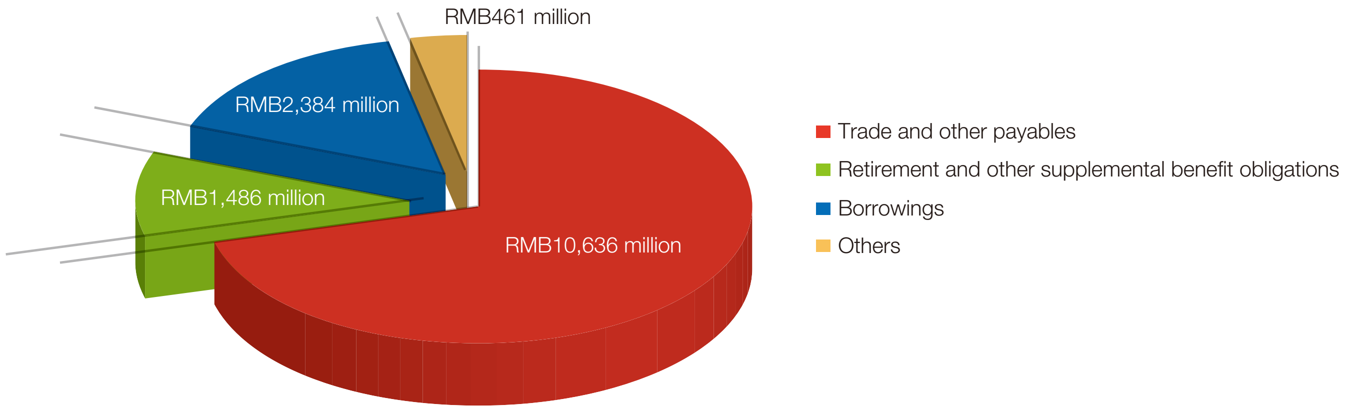
The structure of the assets is as follows:

Notes and trade receivables in the composition of assets amounted to RMB6,415 million, representing 31.9% of the total assets; amounts due from customers for contract work amounted to RMB4,777 million, representing 23.7% of the total assets; cash and cash equivalents amounted to RMB2,760 million, representing 13.7% of total assets; prepayments and other receivables amounted to RMB1,796 million, representing 8.9% of the total assets; other assets amounted to RMB4,385 million, representing 21.8% of total assets.



The structure of the liabilities is as follows:

Trade and other payables in the composition of liabilities amounted to RMB10,636 million, representing 71.1% of the total liabilities; retirement and other supplemental benefit obligations amounted to RMB1,486 million, representing 9.9% of the total liabilities; borrowings amounted to RMB2,384 million, representing 15.9% of the total liabilities; other liabilities amounted to RMB461 million, representing 3.1% of the total liabilities.



3. FINANCIAL REVIEW

Liquidity and capital resources

As of 31 December 2012, the Group had cash and cash equivalents of RMB2,760 million, representing an increase of RMB606 million from RMB2,154 million on 31 December 2011, primarily due to (i) an increase of RMB2,173 million in cash as a result of Listing of the Company and additional bank borrowings; (ii) decrease of RMB1,286 million in cash after payment of capital requirement of production operation; (iii) cash payment of RMB278 million for investment such as purchase of fixed asset.

As of 31 December 2012, current assets amounted to RMB15,531 million, of which notes and trade receivables reached RMB5,199 million, prepayments and other receivables amounted to RMB1,603 million. Current liabilities amounted to RMB12,965 million, of which trade and other payables reached RMB10,293 million, short-term borrowings amounted to RMB2,193 million. Net current assets were RMB2,566 million, representing an increase of RMB1,726 million from net current assets of RMB840 million on 31 December 2011, primarily due to a net increase of RMB606 million in cash and cash equivalents, and an increase of RMB2,522 million in amounts due from customers for contract work as a result of the Group's business growth; which was partially off-set by the increase in trade and other payables.

As of 31 December 2012, the current ratio increased 0.11 from 1.09 on 31 December 2011 to 1.2, and repayment ability for short term improved.

Loans

As of 31 December 2012, the Group had balance of borrowings of RMB2,384 million (of which, short-term borrowings and long-term borrowings due within one year amounted to RMB2,194 million, while long-term borrowings amounted to RMB190 million), an increase of RMB1,080 million from RMB1,303 million on 31 December 2011. All of the borrowings mentioned above are in Renminbi.

Capital expenditure

The Group had capital expenditure of RMB487 million in 2012, representing a decrease of 7.8% from RMB528 million in 2011. In which, RMB70 million was for the construction of production facilities of design and consultancy business segment, RMB281 million was for the construction of production facilities and purchase of equipment for engineering contracting and construction segment, and RMB136 million was for the construction of production facilities and purchase of equipment for equipment manufacturing segment. Capital resources mainly included self-owned funds and borrowings from banks and other financial institutions.

Pledge of assets

The Group had not pledged any assets as at 31 December 2012.

Contingent liabilities

The Group did not have contingent liabilities as at 31 December 2012.

4. RISK FACTORS

The activities of the Group are exposed to a variety of financial risks: including but not limited to operational risks (including the risks arising from cost overruns and project delay) and risks of exchange rate fluctuation. The management monitored an array of risks to ensure the adoption of appropriate measures in a timely and effective manner.

Risks relating to cost overruns

For the financial year ended 31 December 2012, the Group generated a substantial portion of our revenue from contracts with a fixed price in our EPC contracting. The terms of these contracts required us to complete a project at a pre-agreed price and therefore exposed us to cost overruns. Our estimates of the costs for completing a project involved a multitude of assumptions, including economic outlook, cost and availability of labor and raw materials, subcontractors' performance, facility utilization rates, and construction and technical standards to be applied to the project. However, these assumptions may prove to be inaccurate. Depending on the terms agreed in specific contracts, inevitably, we are subject to a certain extent of raw material price fluctuation risks in some projects. In addition to that, delays caused by inclement weather; technical issues; inability to obtain the requisite permits and approvals, as well as other variations and risks embodied in the performance of contracts, may cause substantial difference between the actual overall risks and costs. Cost overruns could result in a profit lower than expected or a loss in a project despite the buffers we have built into our bids for increase in labor, raw materials and other costs.

Risks relating to project delay

During the normal course of business, the Group may be unable to complete a project in accordance with the schedule set forth in the relevant contract. A project could be delayed for a number of reasons, including but not limited to those relating to market conditions; policies and regulations of the PRC and other relevant jurisdictions; availability of funding; disputes with business partners, technology and equipment suppliers and other contractors, employees, local governments and communities; natural disasters; power and other energy supplies; and availability of technical or human resources. Our overseas engineering and construction contracting projects may also be affected by factors such as deteriorations in foreign relationships between China and relevant governments; war or other significant adverse developments in international relations. In addition, in performance of the contract, we may need to execute extra work or "change initiated by owner" work in connection with our contracts from time to time. "Change initiated by owner" work is necessary when the project owner changes the design for non-technical reasons after the design plan is confirmed. This may result in disputes in defining work performed beyond the scope as stipulated in the original project specifications, or over the additional price that the customer should pay for the extra work. Even if the customer agrees to pay for the extra work or "change initiated by owner", prior to the approval of changes in the design by the owner and the receipt of funds, the Group may need to finance the cost for a prolonged period of time. In addition to that, any delay caused by the extra work may affect the progress of our projects and our ability to meet the established milestone dates of the specific contract. Costs may also incur due to design changes not approved by the project owner or any contractual disputes.

Risks relating to foreign exchange rate fluctuation

A majority of our operations are conducted in the PRC, with the use of Renminbi as our functional currency. A substantial portion of our revenues and cost of sales were denominated in Renminbi during the financial year ended 31 December 2012. However, we conduct part of our engineering and construction contracting business overseas, and may make significant equity and other investments in overseas projects. Our foreign currency denominated assets and liabilities are expected to increase significantly as we further expand our overseas business, particularly when undertaking more EPC projects. We are therefore exposed to risks associated with foreign exchange rate fluctuations.

Changes in the value of foreign currencies could affect our Renminbi costs and revenues, and the prices of our exported products and the prices of our imported equipment. Any increased costs or reduced revenues as a result of foreign currency fluctuations could adversely affect our profits and profit margins. The fluctuation of foreign exchange rates also affects the value of our monetary and other assets and liabilities denominated in foreign currencies. Generally, an appreciation of Renminbi against the U.S. dollar and other relevant foreign currencies could result in a foreign exchange loss for assets denominated in U.S. dollars and other foreign currencies, and a foreign exchange gain for liabilities denominated in U.S. dollars and other foreign currencies. Conversely, a devaluation of Renminbi against the U.S. dollar and other relevant foreign currencies could result in a foreign exchange gain for assets denominated in U.S. dollars and other foreign currencies and a foreign exchange loss for liabilities denominated in U.S. dollars and other foreign currencies.

The changes in the exchange rate of Renminbi may be subject to changes in China's governmental policies and international economic and political developments. There can be no assurance that the exchange rate of Renminbi will remain stable against the U.S. dollar or other foreign currencies in the market. While the international reaction towards Renminbi revaluation has generally been positive, there are still significant pressure asserted on the PRC government by international communities to adopt a more flexible currency policy, which could result in a further, and more significant, appreciation of Renminbi against U.S. dollar or other foreign currencies. Further appreciation of Renminbi against these currencies may lead to a decline in the revenues of our overseas operations. Fluctuations in exchange rates may adversely affect the value, converted into U.S. dollars or Hong Kong dollars, of our net assets, earnings and any declared dividends.

5. BUSINESS PROSPECT FOR 2013

The year of 2013 will be the first ten-year anniversary of the Company since its establishment, and also be a crucial year for the Company to realize the development target of the "Twelfth Five-Year Plan", and a year serving as a link between the past and future of the Company.

The uncertainties are still shrouding over the global economy, and depressing growth rate from rocky recovery path. The economy growth of China still faces various risks and challenges given the continuous implementation of proactive fiscal policies and prudent monetary policies.

In terms of the engineering construction market, investment sentiments may be curbed as a result of over production capacity in the domestic nonferrous metals industry, pressures from environmental protection and losses across the industry. Engineering projects such as municipal, building material and transportation projects confronted harsh competition and high demand of capital advancement that may stress profit margin. However, generally speaking, China and emerging markets of the world are in such circumstances with strategic opportunities. The Group will firmly grasp the new opportunities to develop and adjust its strategy timely in accordance with the trend as well as become well-prepared for the risks, so as to achieve our objective of becoming the first-class engineering technology company.

As such, the Group proposes its **guiding ideology** for 2013: aiming to become an engineering technology services group with unique advantage, by leveraging on the opportunity of market reform, driving force of innovative technology, and emphasising on structural adjustment and operational transformation, so as to actively enhance our management level and competitive edges and ensure the full realisation of operational targets of the year for a new dimension of the Group's development. The following areas are set to be focused in 2013:

Actively Introducing Market Mechanism and Spurring up the Vitality of Corporate Development

The Group will advance market-oriented reform in full swing to activate the operational management, enhance the quality and efficiency of the Group's development. It would be tackled in the following ways: firstly, **implementing a market-oriented operating mode**, by pursuing a variety of equity interests in the new industrialisation projects, fully referring to the successful experience of excellent private enterprises in the existing industrialisation projects to enhance the competitiveness edges; secondly, **utilizing market-oriented method to select and employ talents**. The Group will gradually kick off open recruitment pilots in its branches and subsidiaries to break the bureaucratic limits and actively promote rejuvenation of cadre; thirdly, **utilizing market-oriented method to hire labor force**. Under the framework of Labour Contract Law, flexible and various forms of laboring usage are chosen to form a mechanism that allocates human resources in a market-oriented way and an employment mechanism under which the employees can be easily hired or dismissed; fourthly, **allocating remuneration in market-oriented way**. The remuneration of the Group's core staff and key positions will be in line with the market while the staff's remuneration is maintained with minimum basic salary without cap in order to truly realize the gain of remuneration according to efforts and contribution; fifthly, **assessing mechanism with market-oriented**. It aims to further optimize the standard system of assessment and enhance the scientificity and operability. Importance will be attached on the enhancement of assessment on construction projects and industrialisation projects to optimize the system of risk management and evaluation, award and penalty.

Overall Planning to Utilize International Resources and Support the Group's Leaping Development

In 2013, the Group will fully utilize the beneficial advantage of its international reputation and enhancement of financing ability after the Listing in Hong Kong in order to solidify crucial steps of "go abroad" and step towards the path of internationalized operation.

Firstly, **globalized market**. The Group will devote more efforts to developing overseas markets by exporting advanced technology and core products. It will also seize the preliminary work in those key projects in countries such as Venezuela, Brazil, India and Turkey to procure early execution of contracts and construction commencement. The Group will emphasize on enhancing the influence of overseas institutions and plan to establish branches or representative offices in places such as Brazil and Russia.

Secondly, **globalized resource**. We will strengthen our communication and contacts with industry associations, commercial departments, diplomatic institution, international contractors, suppliers, research institutions and commercial banks all around the world, so as to obtain resources such as various information, technology, fund and talents; we will enforce our co-operation with world-renowned engineering companies and technical companies, so as to accumulate experience by means of joint design, technical research and general contracting, as well as culture and introduce international talents; we will intensify our co-operation with multi-national companies in China, leveraging on their overseas operational capability and financing approach to carry out our business so as to take advantage of the existing resources and develop new resources.

Thirdly, **globalized operation**. The Group will encourage our overseas subsidiaries and representative offices to contract business or even implement the project independently, and promote the localisation of overseas departments. We will proactively explore the operation mode of our overseas business and build own brand of "China Aluminum" in the global market.

Building Concept of Value Firmly and Advancing Market Expansion of the Group

First of all, we will solidify a concept of creating value to customers and further transform this concept into voluntary action of the staff. We will adhere to the market-oriented principle and treat the need of the customers as our direction and driving forces, at the same time, adjust our work to set up and reinforce a working system to provide service to our customers.

Secondly, we will strengthen our efforts on exploring the market so as to support sustainable development of the Group with sufficient volume of business contract. We will intensify our competitive edges in nonferrous metals industry, with an attempt to realize the upgrading and reformation of the industry, to capture high-end part of industrial value chain by means of core technique and professional services. We will continue to advocate transformation of business structure to more diversities in full swing, and closely follow the development trend of urbanisation. Moreover, with the social financing tools, our financing channel would be broaden and the expansion of general contracting was thus be supported.

Accelerating the Building of Platform for Research and Development and Promoting the Transformation of Technological Achievements

Our technological work will be set to be market-oriented, and the selected scientific research subjects will be based on market demands, which aim at fundamentally solving the issue of disconnection between technological achievements and market trends with the goal of promoting the application and transformation of technological achievement. We will enhance our protection on intellectual property, further facilitate the implementation and industrialisation of intellectual property, which will provide the scientific research, production and operation to Group.

Furthermore, we will enforce our fundamental work in scientific construction, support subsidiaries to build technical center for research and development and apply to become a provincial or national engineering or technical center. We will actively engage in carrying out material co-operation with world-renowned technical companies in the areas of electrolytic aluminum, alumina, carbon, copper-smelting and processing, and establish an international research and development platform. We will build a technical team with strong innovative ideas, high technical level and various hierarchy, with an effort on creating a scientific research environment which emphasizes on technique and talents.

Overall Implementing of Operational Transformation and Consolidating the Foundation of Management

Promoting the operating transformation is an important step to consolidate the fundamental management of the Group. The quality of investigation and design will be the prioritized issue to be solved in the investigation and design subsidiaries. Self-examination and rectification as well as diagnosis on the management will be conducted all-roundedly, in order to identify the prominent problem and weakness so as to enhance the project quality. Regarding to this aspect, the relevant subsidiaries will firmly implement, ensure the elimination of the limits and achieve breakthrough. Besides, cost control will also be the key issue that construction subsidiaries should work out, which will put great efforts on the bench marking with excellent companies both domestic and aboard, fine-tune and optimize measures in equipment materials purchasing, project sub-contracting, tendering and bidding management and contract management, so as to overall enhance the economic efficiency of projects constructing and contracting.

“The slope supporting engineering project contracted by Changkan Institute, the wholly-owned subsidiary of the Group”

CORPORATE MILESTONES IN 2012

16 February 2012	– the Company entered into a strategic cooperation framework agreement with China XD Group.
February 2012	– the "Key technologies of highly efficient and clean production of lead and recovering of resources and industrialization" of Changsha Institute won the 2011 National Technology Improvement Second Class Award.
31 March 2012	– Changsha Institute introduced for the first time KIVCET Lead Refinery Furnace which was an original model designed with foreign technique. It is the first production of KIVCET Lead Refinery Furnace in China.
March 2012	– the "Rare Metals and Cemented Carbide" (《稀有金屬與硬質合金》) co–hosted by Changsha Institute and China Nonferrous Metals Committee (中國有色金屬學會) was incorporated into the metallurgical industry section of "Chinese Center Journals Catalogue 2011" (《中文核心期刊要目總覽》) and was selected as the source periodical of "Chinese Science Citation Database 2011–2012".
8 April 2012	– the opening ceremony of State Technology Research Center of Engineering Equipment of Electrolytic Aluminum and Electrolytic Magnesium is held at GAMI. The research center is the first national platform for system of electrolytic aluminum and electrolytic magnesium equipment and industrialization. It helps to speed up the domestic industrialization of key equipment technology and enables energy–saving and waste reduction of aluminum and magnesium industry.
From 16 to 20 April 2012	– the 24th Assessment Meeting of Excellent QC of Engineering and Survey System of China nonferrous metals industry was held in Kunming, Yunnan. China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd. won 3 first class awards and 2 second class awards of Excellent QC of nonferrous metal industry.
2 May 2012	– the Nonferrous Metal Development Association of China (中國有色金屬建設協會) announced the assessment results of Excellent QC of engineering construction for 2012. Sixth Metallurgical Company won 3 first class awards, 1 second class award, 2 third class awards and Twelfth Metallurgical Company won 1 first class award and 2 third class awards.
21 June 2012	– the Company announced its public offering of Chalieco's Shares in Hong Kong from 22 June 2012.
6 July 2012	– the Company was formally listed on the Hong Kong Stock Exchange. It marked Chalieco's successful expansion into international capital market as the first Chinese share of nonferrous engineering technique.
27 August 2012	– the Company held its news conference for interim results of the first half of 2012 in Hong Kong.

29 September 2012	– Wang Jun, the Chief Financial Officer of the Company, was nominated as the "Person of the Year 2012 of General Accountants in China" (2012中國總會計師年度人物).
26 October 2012	– the stone laying ceremony for the site construction of social welfare housing in Nanhui District, Lucheng, Wenzhou, was held. Pursuant to the framework agreement entered into between Chalieco and People's Government of Lucheng, the investment amount of the first three projects of the social welfare housing in Lucheng was approximately RMB3 billion. It was constructed with build-transfer ("BT") mode implemented by China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd. (中國有色金屬長沙勘察設計研究院有限公司).
October 2012	– Director General of Construction Market (建築市場監管司) of Ministry of Housing and Urban–Rural Development (國家住房和城鄉建設部) issued the "2011 Statistical Information Collection for Engineering, Survey and Design of National Enterprises" (《2011年全國工程勘察設計企業統計資料彙編》). Chalieco ranked 11th among the "top 100 enterprises in term of operation revenue" and 4th among the "top 50 enterprises in term of overseas revenue".
14 November 2012	– 12 colleagues of the company, for example, Wu Zhigang, were nominated as "Advanced Persons of National Excellent Engineering of 2011–2012" by the Assessment Committee of the National Engineering Construction Quality Award.
16 November 2012	– Nonferrous Metal Development Association of China (中國有色金屬建設協會) announced the National Nonferrous Metal Industry Award of 2012, which were Ministerial Excellent Engineering and Survey Award, Engineering Design Award and Engineering Consultation Results Award. The 5 survey and design companies of Chalieco won 5 Ministerial Excellent Engineering and Survey Awards, of which 3 were first class awards and 2 were second class awards; 12 Ministerial Excellent Engineering Design Awards, of which 8 were first class and 4 were second class; 16 Ministerial Excellent Engineering Consultation Results Awards, of which 9 were first class, 6 were second class and 1 was third class.
22 November 2012	– the campaign of the "Double Top 60 Chinese Contractors and Engineering Design Enterprises" for 2012,co–hosted by "Construction Times" (《建築時報》) of China and Engineering News Record of America, was held in Wuhan. China Aluminum International Engineering Corporation Limited ranked 17th among "Top 60 Chinese Engineering Design Enterprises for 2012" and was nominated as Number 1 of "The Strongest Contractor and Engineering Design Companies for 2012".

November 2012 – Phase 3 alumina construction of Guangxi Branch of Chinalco, EPC constructed by Chalieco and Changsha Institute, surveyed and designed by GAMI, Changsha Institute and Changkan Institute, co-constructed by Sixth Metallurgical Company, Twelfth Metallurgical Company, Shanlv Engineering(山鋁工程), Changlv Construction and Jinlv Construction; main workshop engineering of high precision copper belt engineering of Zhonglv Daye(中鋁大冶), designed by CNPT, constructed by Sixth Metallurgical Company and Twelfth Metallurgical Company; highway project of national main trunk line (GZ40) connecting Shuifu (水富) and Maliu Bay (麻柳灣), Yuannan, co–constructed by Sixth Metallurgical Company were awarded the 2011-2012 National Excellent Engineering Silver Award. The project of alumina plant using PAVLODAR of Kazakhstan designed by GAMI with annual production of 250Kt was awarded the National Excellent Engineering Silver Award (Overseas Engineering).

6 December 2012 – the results of 2nd Selection of Engineering and Survey Masters of National Nonferrous Metals Industry were released. There are 11 national nonferrous metals industry survey and design masters created by the Company.

26 December 2012 – the inauguration ceremony for the production of Alumina plant in Lam Dong, Vietnam invested by Vinacomin and contracted by Chalieco by EPC mode was held. Lam Dong Alumina Plant (林同氧化鋁廠) was the first alumina plant in Vietnam. Its planned annual production was 650,000 tones.

December 2012 – results of Influential People of 8th China Nonferrous Metals Industry were revealed. The president of the Company Mr. He Zhihui was nominated as an Influential People of China Nonferrous Metals Industry for 2012.

DIRECTORS' REPORT

PRINCIPLE BUSINESS

The Group is principally engaged in construction design and consultation, engineering and construction contracting and equipment manufacturing. Details of major subsidiaries and associates of the Company set out in note 43 and note 20 to the financial statement.

RESULTS

The audited results for the year ended 31 December 2012 of the Company and its subsidiaries are set out in the consolidated income statement on P.62. The financial position as at 31 December 2012 of the Company and its subsidiaries are set out in the consolidated balance sheet on P.63 to P.64. The consolidated statement of cash flows for the year ended 31 December 2012 of the Company and its subsidiaries are set out in the consolidated statement of cash flows on P.69. Results performance, discussion and analysis of important factors affecting results and financial position are set out in the Management Discussion and Analysis on P.14 to 21.

PROPERTY, PLANT AND EQUIPMENT

Details of changes in property, plant and equipment of the Company and its subsidiaries in the year set out in note 16 to the financial statements.

CAPITAL STRUCTURE

Our Group monitors our capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debts are calculated as the total borrowings and other liabilities (including borrowings, other non-current liabilities, trade and other payables, as shown in the consolidated balance sheets) minus restricted cash, time deposits and cash and cash equivalents. Total capital is calculated as equity interests, as shown in the consolidated balance sheets, plus net debts minus non-controlling interest. We had a gearing ratio of approximately 66.6% as at 31 December 2012. The decrease of gearing ratio as compared with 69.7% as at 31 December 2011 was primarily due to (i) with the growth of the scale of the Group, the total liabilities and cash and cash equivalents were increasing, leading to the increase in net liabilities of RMB3,261 million, representing a growth of 47.5%; (ii) the profits from Listing of the Group and the profit for the year led to increase in owner's equity of RMB2,157 million, net liabilities and total equity increased by RMB5,418 million, representing a growth of 55.5%.

SHARE CAPITAL

The total amount of share capital of the Company as at 31 December 2012 is RMB2,663,160,000, divided into 2,663,160,000 shares at par value of RMB1.00 per share.

TAXATION

Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Income tax is recognized in the consolidated statement of comprehensive income, except for the conditions that it relates to items recognized in other comprehensive income or directly recognized in equity. In this case, the income tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions which are appropriate on the basis of tax amounts that are expected to be paid to the tax authorities.

Deferred income tax is determined using the liability method, and provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction other than a business consolidation that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associate, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and deferred income tax liabilities are offset and shown on a net basis when meeting all the conditions below:

The Group has the legally enforceable right to settle current income tax assets and current income tax liabilities; and

The deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Value-added taxation ("VAT")

Sales of goods of the Group are subject to VAT. VAT payable is determined by applying the applicable tax rates on the taxable revenue arising from sales of goods after offsetting deductible input VAT of the period.

Business tax

Revenue resulting from providing design and construction services is subject to business tax at 3% or 5% of gross service income.

RESERVES

The movement details of reserves of the Company in the year set out in note 31 to the financial statement. Details of the portion of profit available for distribution to shareholders also set out in note 31 to the financial statement.

POST BALANCE SHEET EVENT

The details of post balance sheet event set out in note 45 to the financial statement.

DISTRIBUTION OF PROFIT

In accordance with the "Notice Regarding Profits Distribution of Pilot Enterprises of under the System of Overseas Listed Shares (Caihuizi 1995 No. 31)" (《關於境外上市的股份制試點企業利潤分配問題的通知》(財會字[1995] 31號)), profit available for distribution is calculated based on the comparison of China's standards and international standards, whichever is lower. The following profit available for distribution is based on international standards.

As shown in the financial statements, the profit available for distribution of the Company is RMB1,440 million in 2012.

The Company intended to distribute a total of RMB533 million cash dividend with RMB2 (tax inclusive) per 10 Shares based on the total number of share capital of 2,663,160,000 Shares as at 31 December 2012. The remaining unappropriated profits of the Company would be retained to distribute in the following years.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

The Company or its subsidiaries did not purchase, sale or redeem any listed securities of the Company as at 31 December 2012.

USE OF PROCEEDS FROM FUND RAISING

The total amount of fund raised from Listing of the Company was HK$1,318 million. As at 31 December 2012, the remaining amount of fund raised amounted to HK$768 million. The fund was primarily used in items disclosed in the Prospectus, such as the industrialization of the Company and overseas engineering projects. The balance of fund would be used according to the use disclosed in the Prospectus.

MAJOR CLIENTS AND SUPPLIERS

Major customers

In 2012, the transaction amount of the five major customers of the Group contributed 23.7% to the operating revenue of the Group for the year of 2012.

Major suppliers

In 2012, the transaction amount of the five major suppliers of the Group contributed to 7.3% of the operating revenue of the Group.

During the year, so far as the Directors are aware, none of the Directors, associates of Directors or Shareholders of the Company (who to the knowledge of the Directors owes more than 5% of the Company's issued share capital) had any interest in the Company's five largest suppliers or five largest customers during the year.

BANK BORROWINGS AND OTHER BORROWINGS

Details of bank borrowings and other borrowings of the Company and its subsidiaries on 31 December 2012 is set out in note 34 to the financial statements.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Part of details of Directors, Supervisors and senior management of the Company for the year ended 31 December 2012 is set in table below.

Name	Responsibilities in the Company	Appointment Date
Directors		
Zhang Chengzhong	Chairman and non-executive director	30 June 2011
Zhang Zhankui	Non-executive director	30 June 2011
Ma Xiaoling	Non-executive director	30 June 2011
He Zhihui	Executive director and President	30 June 2011
Wu Yuewu	Executive director and Vice President	30 June 2011
Wang Jun	Executive director and Chief Financial Officer	30 June 2011
Sun Chuanyao	Independent non-executive director	22 December 2011
Cheung Hung Kwong	Independent non-executive director	22 December 2011
Jiang Jianxiang	Independent non-executive director	22 December 2011
Supervisors		
Long Chaosheng	Chairman of supervisory committee and employee representative of supervisory committee	30 June 2011
Dong Hai	Supervisor	30 June 2011
Ou Xiaowu	Supervisor	30 June 2011
Senior Management		
He Zhihui	President	30 June 2011
Wu Yuewu	Vice President	30 June 2011
Qin Qiwu	Vice President	30 June 2011
Ma Ning	Vice President	30 June 2011
Wang Jun	Chief Financial Officer	30 June 2011

The Company received annual confirmation of independence from each independent non-executive Director who presented the confirmation pursuant to Rule 3.13 of the Listing Rules and confirmed that each independent non-executive Director is independent from the Company.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Profiles of Directors, Supervisors and senior management is set out on pages 55 to 59 of the annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACT

The Company entered into service agreements with each Director. The details of the service agreement mainly consists of: (1) term of three years from 30 June 2011; (2) terminating subject to terms of each contract.

For compliance with relevant regulations and the Articles of Association of the Company and litigation, the Company had entered into contracts with Supervisors.

Save as disclosed above, there were no Directors or Supervisors who entered into a service agreement that is terminable without compensating (other than statutory compensation) the Directors in one year with the Company.

DIRECTORS', SUPERVISORS', AND SENIOR MANAGEMENT'S REMUNERATION

Details of Directors', Supervisors', and senior management's remuneration of the Company are set out in note 14 to the financial statements.

INTERESTS OF DIRECTORS, AND SUPERVISORS IN CONTRACTS

The Company and its subsidiaries did not directly or indirectly entered into any significant contracts which each Director and Supervisor had material interests in, connected to the Group's business and remained effective during the year or at the end of year at any time of the end of the year or during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed below, during 2012, there was no Director or their associate who had any competing interests in business which would directly or indirectly constitute competition or likely to constitute competition with the Group's business.

Name of Director	Post in the Company	Other interests
Zhang Chengzhong	Chairman	Deputy General Manager of Chinalco

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S INTERESTS OR SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2012, none of the Director, Supervisor or senior management of the Company had any interest or short position in the Shares, underlying Shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which any such Director, Supervisor or senior management was taken or deemed to have under such provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Hong Kong Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2012, so far as the Directors are aware, the following persons (except Directors or senior management of the Company) had an interest or short position in the Company's shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	**Class of shares**	**Capacity**	**Number of shareholding in Shares/ underlying shares** (Shares)	**Percentage of shareholding in relevant class of shares** (%) (Note 1)	**Percentage of shareholding in total share capital** (%) (Note 1)
Chinalco	Domestic Shares	Beneficial owner/ Interest of controlled corporation	2,263,684,000 (L) (Note 2)	100%	85%
The Seventh Metallurgical Construction Corp. Ltd.	H Shares	Beneficial owner	69,096,000 (L)	17.30%	2.59%
CNMC Trade Company Limited	H Shares	Beneficial owner	59,225,000 (L)	14.83%	2.22%
Leading Gain Investments Limited	H Shares	Nominee of other person (other than passive trustee)	29,612,000 (L)	7.41%	1.11%
China XD Group	H Shares	Beneficial owner	29,612,000 (L)	7.41%	1.11%
Yunnan Tin (Hong Kong) Yuan Xin Company Limited	H Shares	Beneficial owner	29,612,000 (L)	7.41%	1.11%
Global Cyberlinks Ltd.	H Shares	Beneficial owner	20,579,000 (L)	5.15%	0.77%

Note:

1. The percentage is calculated based on number of underlying shares/total number of shares issued on 31 December 2012.

2. Chinalco is beneficially interested in 2,176,758,534 Domestic Shares, representing approximately 81.74% of the total share capital of the Company. Luoyang Institute is a wholly-owned subsidiary of Chinalco and is interested in 86,925,466 Domestic Shares, representing approximately 3.26% of the total share capital of the Company. Chinalco is deemed to be interested in the Domestic Shares held by Luoyang Institute under the SFO.

COMPLIANCE WITH OFAC UNDERTAKINGS

During the Listing of the Company, an undertaking is made to the Hong Kong Stock Exchange by the Company that the Company would not use any proceeds from the Global Offering and any other fund raised through the Hong Kong Stock Exchange in sanctioned regimes or for any projects of conducted in any sanctioned regimes, or for compensation for losses of the Iran company due to the default of relevant Iran contracts, if any, by the Company ("OFAC Undertakings"). During the reporting period, the Company issued the relevant sanctioned regimes list to business department to forbid the Company conducting any business with the sanctioned regimes, regions or organizations and organize training about legal knowledge. Hence, the Directors of the Company confirmed that the Company complied with the OFAC Undertakings during the reporting period and will continue to comply with the OFAC Undertakings in the normal course of business in future.

MANAGEMENT CONTRACT

The Company did not enter into or establish any management and administrative contracts relating to all or any material part of business in 2012.

CONNECTED TRANSACTIONS

The following are the major connected transactions of the Group in 2012:

(1) Non-exempt one-off connected transactions

In 2012, none of the non-exempt one-off connected transactions is disclosed by the Group according to the Listing Rules or approved by independent shareholders.

(2) Non-exempt continuing connected transactions

The Group conducted certain connected transactions during the year which are regarded as non-exempt continuing connected transactions under Charter 14A of the Listing Rules.

For Type 1 of the Non-exempt Continuing Connected Transactions mentioned below, the Company was granted approval of an annual cap for such continuing connected transactions by Hong Kong Stock Exchange during the Listing of H Shares and exempted from the requirements of the rules relating to announcement and approval of independent shareholders; for Type 2 to 5 of the Non-exempt Continuing Connected Transactions mentioned below, the Company was granted approval of an annual cap for such continuing connected transactions by Hong Kong Stock Exchange during the Listing of H Shares and exempted from the requirements of the rules relating to announcement and approval of independent shareholders. For Type 1 to 5 of the Non-exempt Continuing Connected Transactions mentioned below, the Company has entered into a series of general agreement, each of which set out standardized principles, guidelines, terms and conditions, pursuant to which the relevant suppliers will provide the products and services that are planned to supply in the agreements to the relevant receiver. The general terms of the general agreement are as follow:

- General requirement: the quality of products and services provided to the Group should be in accordance with our requirements; the price of the products and services provided should be fair and reasonable; the terms and conditions of products and services provided (including but not limited to prices) should be formulated based on normal commercial terms;
- Pricing: if a bid formula is provided, state the bidding price; if a bid formula is not provided, the price specified by the State; if there is no price specified by the State, follow indicative price set by the State; if there is no specified price or indicative price set by the State, state the market price; or if each of the above price is inapplicable or infeasible to apply to the above pricing policy, state the price agreed on arm's negotiation of parties; and
- Term: the term of each general agreement could be extended or renewed, provided that the relevant parties should agree the relevant extension or renewal and comply with the requirements of relevant laws, regulations and/or Listing Rules (as the case may be).

The annual caps and actual transaction amount of the connected transactions in 2012 are set in the following table:

	Events of connected transactions	Connected persons	Annual cap for 2012 (RMB'million)	Actual transaction amount for 2012 (RMB'million)
1	Engineering services provided by the Group	Chinalco	**3,700**	**2,515**
2	Commodities provided by the Group	Chinalco	**200**	**192**
3	Integrated services provided by the Group	Chinalco	**56**	**18**
4	Commodities provided by the Group	Chinalco	**230**	**58**
5	Lease of properties provided by the Group	Chinalco	**11**	**0.66**
6	Financial services provided by the Group	China Aluminum Finance Co., Ltd. ("Chinalco Finance")	**Maximum balance: 1,300**	**Maximum balance: 1.45**

1. Engineering services provided by the Group

The Company entered into an engineering service general agreement with Chinalco on 2 June 2012, pursuant to which, the Group provided engineering services, including construction engineering, transfer of technologies (right of use), project supervision, surveying, engineering design, engineering consultation, device agency and sale of device, to Chinalco and/or its associates. The agreement is terminated on 31 December 2014 unless it is terminated by not less than three months' prior written notice served by either party at any time.

Chinalco is the controlling shareholders of the Company. Pursuant to Listing Rules, Chinalco and its subsidiaries are the connected persons of the Company.

During the reporting period, the annual cap of the continuing connected transaction for 2012 is RMB3,700,000,000 and the actual transaction amount is RMB2,514,753,526.

2. Commodities provided by the Group

The Company entered into general sale and purchase agreement of commodities with Chinalco on 2 June 2012, pursuant to which, Chinalco and/or its associates could purchase certain commodities from the Group from time to time, mainly including the equipment required for normal operation of Chinalco (such as control box of electrolytic tank, environmentally-friendly equipment and material processing equipment). The agreement is terminated on 31 December 2014 unless it is terminated by not less than three months' prior written notice served by either party at any time.

Chinalco is the controlling shareholders of the Company. Pursuant to Listing Rules, Chinalco and its subsidiaries are the connected persons of the Company.

During the reporting period, the annual cap of the continuing connected transaction for 2012 is RMB200,000,000 and the actual transaction amount is RMB192,466,307.

3. Integrated services provided to the Group

The Company entered into general sale and purchase agreement of commodities with Chinalco on 2 June 2012, pursuant to which, Chinalco and/or its associates could provide certain types of services to the Group from time to time, including (i) labour services for cleaning, security and equipment technological support; (ii) storage and (iii) transportation. The agreement is terminated on 31 December 2014 unless it is terminated by not less than three months' prior written notice served by either party at any time.

Chinalco is the controlling shareholders of the Company. Pursuant to Listing Rules, Chinalco and its subsidiaries are the connected persons of the Company.

During the reporting period, the annual cap of the continuing connected transaction for 2012 is RMB56,000,000 and the actual transaction amount is RMB17,791,198.

4. Commodities provided to the Group

The Company entered into general sale and purchase agreement of commodities with Chinalco on 2 June 2012, pursuant to which, the Group could purchase certain commodities from Chinalco and/or its associates from time to time, including coal block, aluminum wire, cement, engineering equipment and components. The agreement is terminated on 31 December 2014 unless it is terminated by not less than three months' prior written notice served by either party at any time.

Chinalco is the controlling shareholders of the Company. Pursuant to Listing Rules, Chinalco and its subsidiaries are the connected persons of the Company.

During the reporting period, the annual cap of the continuing connected transaction for 2012 is RMB230,000,000 and the actual transaction amount is RMB57,995,260.

5. Lease of properties provided to the Group

The Company entered into general sale and purchase agreement of commodities with Chinalco on 2 June 2012, pursuant to which, the Group could lease land and property from Chinalco and/or its associates for office, business and residential use. The agreement is terminated on 31 December 2014 unless it is terminated by not less than three months' prior written notice served by either party at any time.

Chinalco is the controlling shareholders of the Company. Pursuant to Listing Rules, Chinalco and its subsidiaries are the connected persons of the Company.

During the reporting period, the annual cap of the continuing connected transaction for 2012 is RMB11,000,000 and the actual transaction amount is RMB660,865.

6. Provision of financial services to the Group

On 24 August 2012, the Company entered into a financial services agreement with Chinalco Finance and Chinalco Finance provided financial services to the Group. Pursuant to such agreement, the financial services to be provided by Chinalco Finance to the Group include deposit services, settlement services, credit lending services and miscellaneous financial services.

Major Terms and Conditions of the agreement are set out below:

- Chinalco Finance undertakes to provide the Company with high-quality and efficient financial services, and to timely notify the Company agreed events in order to safeguard the financial assets of the Company and adopt proper mitigation measures;

- In respect of the deposit services under this financial services agreement, the maximum amount of the daily deposit balance (including any interest accrued thereon) for the Group with Chinalco Finance is RMB1.3 billion during the term of the financial services agreement (subject to approval of independent shareholders at appropriate time);

During the reporting period, the maximum daily deposit balance of this continuing connected transaction under the deposit services for 2012 was RMB1.3 billion. Before obtaining the Independent Shareholders' approval, the daily balance of deposit maintained by the Company with Chinalco Finance will be kept below such amount that each of the percentage ratios (as defined in Rule 14.07 of the Listing Rules) does not exceed the de minimis threshold set out in Rule 14A.33 of the Listing Rules. During the reporting period, the actual maximum daily deposit balance was RMB1.45 million.

The independent non-executive directors of the Company had audited the abovementioned continuing connected transactions and confirmed the transactions were:

(1) conducted in the normal course of business of the Group;

(2) conducted pursuant to normal commercial terms; if the comparable transactions could not be relied on to judge whether the terms of the transactions were normal commercial terms, those terms should not be less favorable than the terms accepted or provided by independent parties; and

(3) conducted in accordance with the terms of agreement related to the transactions and the terms were fair and reasonable and in the interests of shareholders of the Company as a whole.

The Company's external auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA. The external auditor has issued their letter containing their findings and conclusions in respect of the abovementioned transactions in accordance with Rule 14A.38 of Listing Rules. The Company has provided a copy of the said letter to Hong Kong Stock Exchange.

For the above connected transactions, Directors had also confirmed the Company's compliance with the disclosure requirements of Chapter 14A of Listing Rules.

COMPLIANCE WITH NON-COMPETITION AGREEMENT

The Company entered into a non-competition agreement with Chinalco on 2 June 2012, pursuant to which, Chinalco provided certain non-competition undertakings to the Company and granted the options to seek any new business opportunities and options for acquisition and the relevant pre-emptive rights to the Company. Pursuant to the agreement, the independent non-executive Directors of the Company are responsible for reviewing and considering whether or not to exercise such options and pre-emptive rights and are entitled, on behalf of the Company, to review the implementation of the undertakings under the agreement on an annual basis.

During the year, the independent non-executive Directors of the Company have reviewed the implementation of the non-competition agreement and confirmed that Chinalco has been in full compliance with the agreement and there was no breach by Chinalco.

ARRANGEMENT OF PRE-EMPTIVE RIGHTS AND SHARE OPTIONS

There are no provisions for pre-emptive rights under the Articles of Association of the Company and the PRC laws which would require the Company to offer new shares on a pro-rata basis to existing shareholders. Meanwhile, there is no arrangement of any share option by the Company.

SIGNIFICANT CONTRACTS

Apart from as disclosed under the heading of the "Connected Transaction" in this report, neither the Company nor any one of its subsidiaries has signed a significant contract with the controlling shareholder or any one of its subsidiaries other than the Group, and no significant contract for delivery of service has been signed between the Group and the controlling shareholder or any one of its subsidiaries other than the Group.

RETIREMENT AND EMPLOYEES BENEFIT SCHEME

Details of the Group's retirement and employees benefit scheme are set out in note 15 to the financial statements.

In accordance with regulations applicable to enterprises and the relevant requirements of various local governments in areas in which we operate, we established the pension plan, employees' medical insurance, unemployment insurance, maternity insurance and workers' compensation injury insurance. In accordance with applicable PRC laws and regulations, the amount of contributions to the aforesaid social insurance is strictly based on state, provincial, autonomous region and municipal requirements of the PRC. The Company also established an employee housing fund according to applicable PRC regulations.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODES

As a company listed on the Hong Kong Stock Exchange, the Company strives to maintain a high standard of corporate governance. For the year ended 31 December 2012, the Company had complied with the Corporate Governance Codes (applicable for the period from 1 April 2012 to 31 December 2012) of Appendix 14 of Listing Rules and the provision codes set out in its previous version Code on Corporate Governance (applicable for the period from 1 January 2012 to 31 March 2012) and adopted the suggested best practices where appropriate. Please refer to the Corporate Governance Report as set out on pages 44 to 54 of this annual report for details.

PUBLIC FLOAT

Based on information publicly available to the Company and so far as the Directors are aware, not less than 15% of the issued share capital of the Company was held by the public as at the latest practicable date prior to the issue of this annual report, which was in compliance with the requirements under the Listing Rules and the document of exemption from requirements of public float obtained at the time of its listing.

MAJOR LEGAL PROCEEDING

As at 31 December 2012, the Group was not involved in any major legal proceedings or arbitrations. So far as the Directors are aware, no such litigation or claims are pending or threatened against the Company.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's 2012 annual results and the financial statements for the year ended 31 December 2012 prepared in accordance with the IFRSs.

AUDITOR

PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Limited Company were appointed as the auditor to audit the financial statements for the year ended 31 December 2012 prepared in accordance with IFRSs and Accounting Standards for Business Enterprise of the PRC, respectively. The enclosed financial statements prepared in accordance with IFRSs have been audited by PricewaterhouseCoopers. The Company has retained PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Limited Company since the date of preparation of its listing.

FINANCIAL SUMMARY IN PAST 5 YEARS

The summary of operating results, assets and liabilities of the Group in the past 5 financial year are set out on pages 5 to 7 of this annual report.

ZHANG Chengzhong
Chairman
By order of the Board
China Aluminum International Engineering Corporation Limited

Beijing, 14 March 2013

SUPERVISORY BOARD'S REPORT

The current session of the Supervisory Board was approved to establish in the inaugural meeting of the Company held on 30 June 2011. The current session of the Supervisory Board comprises three Supervisors in total.

In 2012, the Supervisory Board of the Company strictly conformed to the laws, regulations, rules and regulatory documents such as the Company Law and the relevant requirements set out in the Articles of Association, the Rules of Procedure of the Supervisory Board of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司監事會議事規則》) and the Listing Rules of the Stock Exchange of Hong Kong in terms of the long term interests of the Company and the interests of the shareholders and had carefully exercised its supervision over the behavior when our Directors and the senior management were executing the duties of the Company. The major duties of the Supervisory Board during the reporting period are as follows:

1. MEETINGS CONVENED BY THE SUPERVISORY BOARD

1. The third meeting of the first session of the Supervisory Board was convened on 2 June 2012, at which the Resolution regarding the Supervisors' Emoluments of China Aluminum International Engineering Corporation Limited (《關於中鋁國際工程股份有限公司監事薪酬的議案》) was considered and approved.

2. The fourth meeting of the first session of the Supervisory Board was convened on 24 August 2012, at which the Resolution regarding the Interim Report of China Aluminum International Engineering Corporation Limited (《關於中鋁國際工程股份有限公司中期報告的議案》) was considered and approved.

2. DUTIES OF THE SUPERVISORY BOARD

The current session of the Supervisory Board mainly implemented the following duties:

1. Inspection on legal compliance of the Company's operation

During the reporting period, the members of the Supervisory Board attended all general meetings convened by the Company and attended all meetings of the Board as non-voting participants, and also reviewed the resolutions proposed to the Board for consideration. The Supervisory Board supervised the major decision-making processes of the Company and the duties performed by the members of the Board and the senior management through attending such meetings as participants and non-voting participants. The Supervisory Board is of the view that the major decision-making processes of the Company had been in compliance with the relevant laws and regulations, and that all Directors and the senior management of the Company had faithfully performed their duties with due diligence, earnestly implemented the resolutions of the general meetings, stuck to lawful operation and prudent decision-making without violating any laws, regulations, the Articles of Association and prejudice to the interests of the shareholders of the Company during the execution of their respective duties.

2. Inspection of the financial position of the Company

During the reporting period, the Supervisory Board reviewed the relevant financial information of the Company and its subsidiaries. The Supervisory Board is of the opinion that the accounts and audit work of the Company and its subsidiaries are in compliance with the Accounting Law of the People's Republic of China (《中華人民共和國會計法》), the accounting systems promulgated by the Ministry of Finance of the People's Republic of China and the International Financial Reporting Standards, for which no concerns has been found. Having duly reviewed the 2012 annual financial report and relevant information to be submitted by the Board to the general meeting, and as audited by the independent auditor with an unqualified opinion, the Board of the Supervisors is of the opinion that the annual report reflected the financial position and operating results of the Company on a consistent basis and in an accurate, true and fair manner.

3. Inspection of the Company's connected transactions

During the reporting period, the Supervisory Board reviewed information related to the Company's connected transactions with the controlling shareholders of the Company. The Supervisory Board is of the opinion that such connected transactions were conducted at reasonable price in a fair and just manner, without prejudice to the Company and other shareholders. The Directors, president and other senior management of the Company had exercised the rights granted by the shareholders and discharged their obligations in good faith and with due diligence. So far, the Board of the Supervisors is not aware of any abuse of authority which impairs the interests of the shareholders and the legitimate rights of the employees of the Company.

4. Inspection of the Company's information disclosure

During the reporting period, the Supervisory Board reviewed all the relevant documents publicly published by the Company. The Supervisory Board is of the view that the Company had disclosed the relevant information in a legitimate, timely and complete manner in accordance with the requirements of the Stock Exchange of Hong Kong and no false information was found.

Long Chaosheng
Chairman of the Supervisory Board

Beijing, 14 March 2013

CORPORATE GOVERNANCE REPORT

The Board of Directors the Company hereby presents to the Shareholders the corporate governance report for the year ended 31 December 2012.

CORPORATE GOVERNANCE PRACTICES

The corporate governance practices adopted by the Company are summarized as follows:

1. The Board

The Board exercises its functions and powers in accordance with the provisions as set out in the Articles of Association of the Group. Under the principle of acting in the best interest of the Company and its shareholders, the Board reports its work at the general meetings, implements the resolutions passed thereon and is accountable to the general meetings.

1.1 Composition of the Board

As of 31 December 2011, the Board consisted of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors.

The profiles details of the Directors as at the date of this report are set out on pages 55 to 57 of this annual report. There are no relationships (including financial, business, family or other material or relevant relationship) among members of the Board. The structure of the Board is well balanced with each Directors possessing sound knowledge, experience and expertise relevant to the business operation and development of the Group. All Directors are aware of their joint and several responsibilities to the shareholders.

Since the Listing of the Company, the Board has been in compliance with the requirements of the Listing Rules regarding the appointment of at least three independent non-executive Directors and that the appointed independent non-executive Directors shall represent at least one-third of the members of the Board. The qualifications of the three independent non-executive Directors of the Company are in full compliance with the requirements under Rules 3.10(1) and (2) of the Listing Rules. In addition, the Company has received annual confirmations from independent non-executive Directors as to their independence pursuant to Rule 3.13 of the Listing Rules. The Company therefore considered all independent non-executive Directors to be in compliance with the independence requirements as set out in the Listing Rules.

The composition of the current Board of the Company is set out as follows:

Name	Age	Position	Date of Appointment
ZHANG Chengzhong (張程忠)	52	Chairman and Non-executive Director	30 June 2011
ZHANG Zhankui (張占魁)	54	Non-executive Director	30 June 2011
MA Xiaoling (馬曉玲)	51	Non-executive Director	30 June 2011
HE Zhihui (賀志輝)	50	Executive Director and President	30 June 2011
WU Yuewu (吳躍武)	53	Executive Director and Vice President	30 June 2011
WANG Jun (王軍)	42	Executive Director and Chief Financial Officer	30 June 2011
SUN Chuanyao (孫傳堯)	68	Independent Non-executive Director	22 December 2011
CHEUNG Hung Kwong (張鴻光)	45	Independent Non-executive Director	22 December 2011
JIANG Jianxiang (蔣建湘)	47	Independent Non-executive Director	22 December 2011

1.2 Board Meetings

Pursuant to the Articles of Association of the Group, the Board is required to hold at least four meetings each year. The Board meetings shall be convened by the Chairman.

A notice of at least 14 days shall be given for a regular Board meeting. The notice shall state the time, venue and means by which the board meeting will be convened.

Except for the Board's consideration of matters in relation to connected transactions as stipulated by the Articles of Association, the quorum for a Board meeting is the presentation of at least half of the total number of the Directors. A Director may attend the Board meeting in person, or appoint another Director in writing to attend the Board meeting on his/her behalf. The secretary to the Board of the Company is responsible for preparing and keeping the minutes of the Board meetings.

In 2012, the Board held eight meetings in total. The attendance of the Directors at Board meetings is as follows:

Name	Position	Number of Meetings Attended/Held	Attendance
ZHANG Chengzhong (張程忠)	Chairman and Non-executive Director	8/8	100%
ZHANG Zhankui (張占魁)	Non-executive Director	8/8	100%
MA Xiaoling (馬曉玲)	Non-executive Director	8/8	100%
HE Zhihui (賀志輝)	Executive Director	8/8	100%
WU Yuewu (吳躍武)	Executive Director	8/8	100%
WANG Jun (王軍)	Executive Director	8/8	100%
SUN Chuanyao (孫傳堯)	Independent non-executive Director	8/8	100%
CHEUNG Hung Kwong (張鴻光)	Independent Non-executive Director	8/8	100%
JIANG Jianxiang (蔣建湘)	Independent Non-executive Director	8/8	100%

1.3 Functions and Powers Exercised by the Board and the Management

The powers and duties of the Board and the Management have been clearly defined in the Articles of Association, which aims to provide adequate check and balance mechanism for good corporate governance and internal control.

The Board is responsible for deciding on the Company's business and investment plans as well as the establishment of the Company's internal management structure, formulating the Company's basic management system, determining other material business and administrative matters of the Company and monitoring the performance of the management.

Under the leadership of the President (who is also an executive Director), the management of the Company is responsible for implementing the resolutions approved by the Board and administering the day-to-day operation and management of the Company.

1.4 Chairman and President

The posts of the Chairman and the President (i.e. chief executive officer pursuant to the relevant Listing Rules) of the Company are segregated and performed by different individuals to ensure their respective independence, accountability and the balance of power and authority. Mr. Zhang Chengzhong acts as the Chairman and Mr. He Zhihui as the President. The articles of association defines the division of duties between the Chairman and the President.

Mr. Zhang Chengzhong, the Chairman, is responsible for leading the Board in determining the overall development strategy of the Company, ensuring that the Board is functioning effectively in performing its duties, discussing significant and appropriate matters in a timely manner, ensuring the formulation of good corporate governance practices and procedures by the Company and ensuring that the Board acts in the best interests of the Company and all of its shareholders. Mr. He Zhihui, the President, is mainly responsible for the Company's day-to-day operation and management, including organizing the implementation of the Board's resolutions and making day-to-day decisions.

1.5 Appointment and Re-election of Directors

Pursuant to the Articles of Association, Directors shall be elected at general meetings with a term of office of no more than three years and may offer themselves to re-election. The Company has implemented a set of effective procedures for the appointment of new directors. Nomination of new directors shall be first considered by the Nomination Committee, whose recommendations will then be put forward to the Board for consideration. All candidates are subject to election and approval at general meetings.

The Company has entered into service contracts with each of the Directors (including non-executive Directors). Such service contracts are for a term of three years starting from 22 December 2011.

1.6 Directors' Remuneration

The Remuneration Committee makes recommendations in respect of Directors' remuneration based on the criteria such as academic qualifications and work experience. Directors' remuneration is determined by the Board with reference to the Directors' experience, work performance, position and market condition and subject to approval at general meetings.

1.7 Directors' Training

During 2012, all Directors participated in continuous professional development to develop and refresh their knowledge and expertise so as to ensure that their contribution to the Board remained informed and relevant. The details of training for all Directors are as follows:

Name	Position	Training time	Training content
Zhang Chengzhong	Chairman and Non-executive Director	6 hours	Compliance of listed company and corporate governance
Zhang Zhankui	Non-executive Director	6 hours	Compliance of listed company and corporate governance
Ma Xiaoling	Non-executive Director	6 hours	Compliance of listed company and corporate governance
He Zhihui	Executive Director	6 hours	Compliance of listed company and corporate governance
Wu Yuewu	Executive Director	6 hours	Compliance of listed company and corporate governance
Wang Jun	Executive Director	22 hours	Compliance of listed company and corporate governance
Sun Chuanyao	Independent Non-executive Director	6 hours	Compliance of listed company and corporate governance
Cheung Hung Kwong	Independent Non-executive Director	8 hours	Compliance of listed company and corporate governance
Jiang Jianxiang	Independent Non-executive Director	9 hours	Compliance of listed company and corporate governance

1.8 Training for joint company secretaries

Mr. Wang Jun and Mr. Lam Chun Lung, Raymond, the joint company secretaries the Company, received relevant training in 2012, which is in accordance with the requirements set out in Rule 3.29 of the Listing Rules.

1.9 Directors' Liability Insurance

The Company has arranged for liability insurance covering legal actions against its Directors and the senior management.

2. Board Committees

There are four Board committees, namely the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee.

2.1 Audit Committee

The Audit Committee consists of three directors: Mr. Cheung Hung Kwong (independent non-executive Director), Mr. Jiang Jianxiang (independent non-executive Director) and Mr. Zhang Zhankui. Mr. Cheung Hung Kwong serves as the chairman.

Audit Committee is given the function of corporate governance of the Company. The main duties of audit committee shall include: to direct the construction of internal corporate controlling mechanism; to make recommendations in respect of engaging or replacement of intermediaries such as accounting firms as well as their remuneration; to audit the Company's financial reports, consider the Company's accounting policies and changes thereof and make recommendations to the Board; to make recommendations to the Board in respect of appointment or removal of person-in-charge of its internal auditing system; to supervise the formulation and implementation of its internal auditing system; to assess and supervise the completeness of the corporate auditing system and its effectiveness; and to maintain good communication with the Supervisory Board as well as internal and external auditing departments. The Audit Committee exercises its authority pursuant to Rule D.3.1 of Corporate Governance Code.

During the reporting period, the Audit Committee held two meetings, details of which are as follows:

- On 23 August 2012, the first meeting of the Audit Committee of the first session of the Board was held, at which (1) the interim report of the Company was reviewed; (2) the work summary for the first half of 2012 and the work plan for the second half of the year were presented.

- On 20 November 2012, the second meeting of the Audit Committee of the first session of the Board was held, at which the annual audit proposal for 2012 by PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Limited Company was considered.

The attendance of the meetings is as follow:

Name	Position	Number of Meetings Attended/Held	Attendance
Cheung Hung Kwong	Chairman of the Audit Committee	2/2	100%
Jiang Jianxiang	Member of the Audit Committee	2/2	100%
Zhang Zhankui	Member of the Audit Committee	1/2	50%

2.2 Remuneration Committee

The Remuneration Committee consists of three directors: Mr. Sun Chuanyao (independent non-executive Director), Mr. Jiang Jianxiang (independent non-executive Director) and Ms. Ma Xiaoling. Mr. Sun Chuanyao serves as the chairman.

The Company adopted the mode that the Remuneration Committee suggests to the Board the remuneration of executive directors and senior management.

The main duties of Remuneration Committee shall include: to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and the senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; to make recommendations to the Board in respect of the specific remuneration packages of all executive Directors and the senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment), and make recommendations to the Board of the remuneration of non-executive Directors; to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; to review and approve the compensation payable to executive Directors and the senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company; to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; to ensure that no Director or any of his/her associates is involved in deciding his own remuneration.

During the reporting period, the Remuneration Committee held one meeting, details of which are as follows:

- On 2 June 2012, the first meeting of the Remuneration Committee of the first session of the Board was held, at which (1) the remuneration of the Directors of the Company; (2) the remuneration of the senior management of the Company were considered.

The attendance of the meeting is as follows:

Name	Position	Number of meeting attended/held	Attendance
Sun Chuanyao	Chairman of the Remuneration Committee	1/1	100%
Jiang Jianxiang	Member of the Remuneration Committee	1/1	100%
Ma Xiaoling	Member of the Remuneration Committee	1/1	100%

2.3 Nomination Committee

The Nomination Committee consists of three directors: Mr. Zhang Chengzhong, Mr. Sun Chuanyao (independent non-executive Director) and Mr. Jiang Jianxiang (independent non-executive Director). Mr. Zhang Chengzhong serves as the chairman.

The main duties of the Nomination Committee shall include: to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendation to the Board regarding any proposed changes; to widely search for and identify individuals who are suitable to become a member of the Board and the President of the Company (capable of being extended to the senior management of the Company, where necessary, the same below), to select and make recommendations to the Board on the election of individuals nominated for Directors and the President; to assess the independence of the independent non-executive Directors; to develop the criteria and the procedure for evaluating candidates for the Directors and the President; to make recommendations to the Board on matters relating to the appointment or re-appointment of Directors or the President and succession planning for Directors (including the Chairman) or the President.

The Nomination Committee shall convene at least one meeting each year pursuant to the Articles of Associations and the Procedure Rules for the Nomination Committee. As there were no issues required the Nomination Committee to consider in 2012, the Nomination Committee had not convened any meeting during the reporting period. The Directors of the Company are of the view that the absence of meeting of the Nomination Committee would not have any material adverse impact on the Company and the shareholders. The Nomination Committee of the Board will perform its duties and convene meetings pursuant to the relevant provisions set out in the Articles of Associations and the Procedure Rules for the Nomination Committee in 2013.

2.4 Risk Management Committee

The Risk Management Committee consists of three directors: Mr. Zhang Chengzhong, Mr. Jiang Jianxiang (independent non-executive Director) and Mr. He Zhihui. Mr. Zhang Chengzhong serves as the chairman.

The main duties of Risk Management Committee shall include: to consider judgment standard or mechanism for material business decisions, material risks, events and business processes and the risk assessment report of major decisions; to supervise, assess and check the completeness and operating effects of the Company's internal risk management system and report the same to the Board; to examine, approve or verify the matters related to investment, financing and external transactions contracts submitted by the President pursuant to the power granted by the Board; to handle other matters trusted by the Board.

During the reporting period, the Risk Management Committee held two meetings, details of which are as follows:

- On 2 June 2012, the first meeting of the Risk Management Committee of the first session of the Board was held, at which the Procedure Rules for the Risk Management Committee of the Board of the Company was amended.

- On 24 August 2012, the second meeting of the Risk Management Committee of the first session of the Board was held, at which a law consultant specialized in OFAC international laws was engaged.

The attendance of the meetings is as follows:

Name	Position	Number of Meetings Attended/Held	Attendance
Zhang Chengzhong	Chairman of the Risk Management Committee	2/2	100%
Jiang Jianxiang	Member of the Risk Management Committee	2/2	100%
He Zhihui	Member of the Risk Management Committee	2/2	100%

3. Directors' Responsibility for the Financial Statements

The Board acknowledged its responsibility for preparing the financial statements of the Group for the year ended 31 December 2012.

The Board is responsible for presenting a clear and understandable assessment of annual and interim reports, price-sensitive information and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided the Board with such necessary explanation and information to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In addition, appropriate insurance coverage has been arranged against possible legal proceedings and liabilities to be taken against the Directors.

4. Compliance with the Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct and rules governing dealings by all of our Directors and supervisors in the securities of the Company. Having made specific enquiries of the Directors and supervisors of the Company, all Directors and supervisors have confirmed that they have strictly complied with the required standard set out in the Model Code during the reporting period. The Company has also set up guidelines in respect of the dealings by its relevant employees (as defined in the Listing Rules) in the Company's securities, which are on no less exacting terms than the Model Code. The Company is not aware of any breach of the guidelines by its relevant employees.

The Board will examine the corporate governance practices and operation of the Company from time to time so as to ensure the compliance with relevant requirements under the Listing Rules and to protect Shareholders' interests.

5. Internal Control

The Company aims to strengthen the developing of an internal control system, ensure that its operation and management are in compliance with relevant laws and regulations, safeguard its assets, maintain the authenticity and completeness of financial reports and related information, enhance operating efficiency and effect as well as facilitate its corporate development strategies. Achieving the vision and mission of becoming "a first class international engineering company" is the ultimate goal of the Company.

The Company has attached prime importance to internal control. A complete and prudent internal control system has been established to protect the investments of Shareholders and the assets of the Company.

In terms of rules and regulations, the Company formulated the internal control system of the Company such as Measures on Auditing and Administration of Internal Control of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司內部控制審計管理辦法》), the Measures on Assessment and Management of Corporate Risks of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司企業風險評估管理辦法》), the Measures on Administration of Internal Audit Statistic Works of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司內部審計統計工作管理辦法》), the Measures on Assessment, Control and Administration of Risk Management of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司風險管理測評及監控管理辦法》), the Implementation of Articles of the Decision-making System on "Three Important Matters and One Big Concern" of Chalieco (《中鋁國際"三重一大"決策制度實施細則》), the Measures on Auditing and Administration for the Appointment of Intermediaries of China Aluminum International Engineering Corporation Limited (《中鋁國際工程有限責任公司委託中介機構審計管理辦法》) and the Regulations on Documentation for Internal Auditing of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司內部審計檔案工作規範》).

In terms of organizational structure, the Company established the discipline inspection and audit department. Sufficient personnels were retained to take charge of specific work such as discipline inspection, efficiency supervision, inspection on the bidding work of engineering projects, risk management, evaluation on internal control, review of economic responsibilities and all kinds of specific audit works. Besides, the management of the Company highly concerns the setting of the required capabilities and standards of internal control positions and the requirements of necessary knowledge and capabilities to reach such standards. The discipline inspection and audit department has six staff, two of which are senior level, one is a certified public accountant and one is an international certified public accountant. The Company also carried out trainings for different positions in various manners based on their practical working requirements, such that all staff are competent at performing their current duties.

The effective implementation of the internal system ensured orderly development of the Company's operating and management activities as well as effective control of risks, safeguarded the security and integrity of the Company's property and guaranteed the realisation of the Company's operating and management objectives.

Each department of the Company can submit information required to the Board smoothly. Being the most senior point of contact to each department, the President of the Company has the duty to effectively report to the Board in relation to the operating conditions of each department, and to coordinate the demands of each department and carried out relevant mobilisation to facilitate reasonable decision making within the Company. Accordingly, any possible significant matter (if subject to disclosure to the market) discovered by the staff can be reported to the management of the Company in a timely, accurate and effective manner and the decisions made by the management of the Company can be implemented accurately and timely under supervision.

During the reporting period, the Board assessed the internal control system of the Company and its subsidiaries and was not aware of any material deficiencies nor any material defaults with respect to financial, operational and compliance control and risk management. The Board believes that the current monitoring system of the Company is effective and considers that the resources, qualifications and experience of the staff of the Company's accounting and financial reporting functions, its training programs and budget thereof are adequate.

6. Auditors and Remuneration

PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Limited Company were appointed as auditors for the financial statements prepared in accordance with International Financial Reporting Standards and Accounting Standards for Business Enterprises of the PRC for the year ended 31 December 2012, respectively.

The remuneration paid or payable to the independent auditor of the Company in respect of audit and related services for the year ended 31 December 2012 amounted to RMB 6.7 million.

The statements regarding the reporting responsibilities to the financial statements prepared by PricewaterhouseCoopers, as the external auditor of the Company, is set out on P.61 of this annual report.

7. Shareholders' Meeting

During the reporting period, the Company held one general meeting in total. On 2 June 2012, the Company held the first extraordinary general meeting in 2012, Executive directors of the Company Mr. He Zhihui, Mr. Wu Yuewu, Mr. Wang Jun, non-executive directors of the Company, Mr. Zhang Chengzhong, Mr. Zhang Zhankui and Ms. Ma Xiaoling, independent non-executive directors of the Company, Mr. Sun Chuanyao, Mr. Jiang Jianxiang and Mr. Cheung Hung Kwong all presented at the meeting. The Board and relevant committee members will answer questions from shareholders at the annual general meeting in 2012 of the Company. A circular to shareholders containing resolutions and relevant information submitted at the annual meeting for 2012 has been dispatched to the shareholders previously.

8. Communications with Shareholders

The Company chronically, highly and continuously maintains and develops a long-term relationship with its investors, delivers the information of the Company in a timely and efficient manner, enhances transparency of the information regarding the Company and builds an effective channel for it to maintain the relationship with investors.

8.1 Shareholders' Rights

The Board is committed to maintaining conversation with its Shareholders and discloses significant development of the Company to its Shareholders and investors when appropriate. The annual general meeting of the Company provides a communication opportunity between Shareholders and the Board. In the event of convening a general meeting, a written notice, which specifies on the meeting agenda in the meeting and the date and venue, should be sent to all shareholders whose names appear on the share register 45 days prior to convening the meeting. Shareholders who intend to attend the general meeting should send the reply slip to the Company 20 days prior to convening the meeting for attending the meeting.

Two or more Shareholders individually or collectively holding more than ten percent (including the ten percent) of the shares carrying voting rights at the meeting to be convened may, by written requisition(s) stating the object of the meeting, require the Board to convene an extraordinary general meeting or a class shareholders' meeting. The Board shall as soon as practicable within two months after the receipt of such written requisition(s) proceed to so convene the extraordinary general meeting or class shareholders' meeting. The shareholdings referred to above shall be calculated as at the date of the delivery of the written requisition(s).

Where the Board fails to issue notice of convening meeting within thirty days upon receipt of the above written request, Shareholder(s) individually or collectively holding more than ten percent (including the ten percent) of the shares carrying voting rights at the meeting to be convened may request by written requisition(s) the Supervisory Board to convene the extraordinary general meeting or class Shareholders' meeting. The Board of Supervisors may convene the meeting on their own accord within four months upon the board of Directors having received such request. The Board of Supervisors does not convene and hold meetings. Shareholder(s) individually or collectively holding more than ten percent of the shares for 90 days in a row may convene meetings on their own accord. The convening procedures shall as much as possible be equivalent to those of for meeting convened by the Board.

8.2 Enquires of and communication with Shareholders

The Company publishes its announcements, financial information and other relevant information on its website at www.chalieco.com.cn, as a channel to promote effective communication. Shareholders are welcomed to make enquiries directly to the Company at its principal place of business in Hong Kong. The Company will respond to all enquiries on a timely and proper basis.

The Board welcomes Shareholders' views and encourages them to attend general meetings in order to propose any concerns they might have with the Board or the management directly. The Chairman of the Board and the chairmen of all committees usually attend the annual general meeting and other general meetings to address questions raised by the shareholders.

A circular containing detailed procedures of voting and resolutions voted by way of poll has been dispatched to the shareholders previously.

9. Compliance with the Corporate Governance Codes

As a company listed on the Hong Kong Stock Exchange, the Company strives to maintain a high standard of corporate governance. For the year ended 31 December 2012, the Company had complied with the Corporate Governance Codes (applicable for the period from 1 April 2012 to 31 December 2012) of Appendix 14 of Listing Rules and the provision codes set out in its previous version Code on Corporate Governance (applicable for the period from 1 January 2012 to 31 March 2012) and adopted the suggested best practices where appropriate. Please refer to the Corporate Governance Report as set out on pages 44 to 54 of this annual report for details.

10. Investor Relations Activities

Results Roadshows

During the reporting period, the Company organized one interim results roadshows. The Company organised a conference for 2012 interim results in Hong Kong on 27 August 2012, at which, the management of the Company gave a detailed description on the business performance of the Company for the first half of 2012 and our business outlook to analysts and investors. It also answered relevant questions raised by investors and had a deep communication with over 60 investors and analysts and 5 media.

Investors' Routine Visits

Since the Listing of the Company on 6 July 2012, the Company had sufficient communication and exchange with more than 10 investor companies with over 30 attendees by inviting investors and analysts to join discussion in the Company and visiting their companies.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Non-Executive Directors

Mr. Zhang Chengzhong (張程忠), aged 52, has been the Chairman of the Board of our Company since November 2005 and was reappointed as a non-executive Director and Chairman of our Company on 30 June 2011. Mr. Zhang is primarily responsible for the general business strategies of our Company. He has been a director of China Aluminum Technology since August 2006 and an executive director of China Aluminum Equipment since July 2011. Mr. Zhang has been the deputy manager of Chinalco since February 2007, a director and the president of China Copper Co., Ltd. (中國銅業有限公司) and a director of Chinalco Shanghai Copper Co., Ltd. (中鋁上海銅業有限公司) since February 2011, and the chairman of the board of Yunnan Copper Industry (Group) Co., Ltd. (雲南銅業(集團)有限公司) and a director of Chinalco Kunming Copper Co., Ltd. (中鋁昆明銅業有限公司) since March 2011. Mr. Zhang served as the vice president and a director of Chalco from September 2001 to May 2007, a director and the vice chairman of the board of Guangxi Huayin Aluminum Co., Ltd. (廣西華銀鋁業有限公司) from February 2003 to December 2009. He also served in various positions in Shanxi Aluminum Plant of Chinalco including the plant director from August 1982 to August 2001. Mr. Zhang obtained his doctorate degree in nonferrous metals metallurgy from Northeastern University (東北大學) in March 2008. He is also a professor-grade senior engineer granted by the State Bureau of Nonferrous Metals Industry (國家有色金屬工業局).

Mr. Zhang Zhankui (張占魁), aged 54, has been a non-executive Director of our Company since June 2011. Mr. Zhang is primarily responsible for monitoring our auditing management. Mr. Zhang has been the director of the finance department of Chinalco since December 2009, a supervisor of Chalco since October 2006, the general manager of the finance department of China Rare Earth Co., Ltd. (中國稀有稀土有限公司) since November 2010 and a general manager of China Aluminum Finance Company (中鋁財務公司) since July 2011. Mr. Zhang served in various positions in Chinalco including as a deputy director of the finance department from October 2000 to March 2002 and from March 2006 to December 2009. He also served as the manager of the general management office of the finance department of Chalco from March 2002 to February 2006, the deputy director of the finance department and the director of the accounting office of the finance department of China Copper Lead Zinc Group Corporation (中國銅鉛鋅集團公司) from March 2000 to September 2000, and the vice president of Beijing ENFI Technology Industry Group Corporation (北京恩菲科技產業集團公司, "Beijing ENFI") from August 1999 to October 1999. He served in various positions in Beijing Central Engineering and Research Institute of Nonferrous Metallurgical Industries (北京有色冶金設計研究總院) including the director of the finance department and the auditing department from July 1982 to August 1999. In October 1999, Mr. Zhang began to serve in China Copper Lead Zinc Group Corporation as a result of an internal job transfer from Beijing ENFI. Mr. Zhang graduated from his doctorate studies in management philosophy from Beijing Normal University (北京師範大學) in December 2006. Mr. Zhang was appointed as an MBA enterprise advisor in School of Business of Renmin University of China (中國人民大學商學院) in December 2011, an advisor for graduates of master degree in Accounting in Research Institute of Fiscal Science of the Ministry of Finance (財政部財政科學研究所) in June 2011 and a part-time professor in Jiaxing College (嘉興學院) in January 2008. He is also a senior accountant granted by Beijing Central Engineering and Research Institute of Nonferrous Metallurgical Industries.

Ms. Ma Xiaoling (馬曉玲), aged 51, has been a non-executive Director of our Company since June 2011. Ms. Ma is primarily responsible for reviewing the remuneration plans of our Directors and senior management. Ms. Ma has been the director of the capital operation department of Chinalco since December 2009. Ms. Ma served in several positions in Chinalco from October 2000 to March 2002, including the director of the operation office of the assets operation department. She served in various positions in Chalco including the vice president of the capital operation department from March 2002 to December 2009. She also served as the director of the assets management office of the development department of China Rare Metals and Rare Earth Group Corporation (中國稀有稀土金屬集團公司) from September 1999 to September 2000, the director of IPO office of the reform division of State Bureau of Nonferrous Metals Industry from August 1998 to September 1999. She also served in various positions in China Nonferrous Metals Corporation (中國有色金屬工業總公司) including the deputy director of the IPO office of the policy research office from August 1987 to August 1998. Ms. Ma obtained her bachelor's degree in law in 1983 and postgraduate diploma in economic law in 1987, respectively, from China University of Political Science and Law (中國政法大學). She is also a senior economist granted by China Nonferrous Metals Industry Corporation. Ms. Ma served as a director of Jiaozuo Wanfang Aluminum Manufacturing Co., Ltd. (焦作萬方鋁業股份有限公司), which is listed on the Shenzhen Stock Exchange (stock code: 000612.SZ), from September 2008 to June 2010.

Executive Directors

Mr. He Zhihui (賀志輝), aged 50, has been a Director of our Company since December 2003 and reappointed as an executive Director of our Company on 30 June 2011, the President of our Company since March 2010 and served as the vice president of our Company from December 2003 to March 2010. Mr. He is primarily responsible for our daily management and operation, particularly the risk management of our Company. Mr. He has been a director of China Aluminum Technology since August 2006, the manager of China Aluminum Technology and the manager of China Aluminum Equipment since July 2011. Mr. He served in various positions in GAMI, including as the dean from August 1987 to April 2006. Mr. He obtained his bachelor's degree in industrial automation from Central South Institute of Mining and Metallurgy (中南礦冶學院) (currently known as Central South University) in 1982 and his master's degree from Huazhong Technology Institute (華中工學院) (currently known as Huazhong University of Science and Technology (華中科技大學)) in May 1987. He is also an excellent senior engineer granted by State Bureau of Nonferrous Metals Industry. Mr. He currently serves as a director of Zhuzhou Tianqiao Crane Co., Ltd. (株洲天橋起重機股份有限公司), which is listed on the Shenzhen Stock Exchange (stock code: 002523.SZ).

Mr. Wu Yuewu (吳躍武), aged 53, has been an executive Director of our Company since June 2011 and a vice president of our Company since April 2010. Mr. Wu is primarily responsible for our strategic planning and safety compliance. Mr. Wu has been an executive director of China Aluminum Development Ltd. (中鋁置業發展有限公司), a wholly-owned subsidiary of Chinalco, our controlling shareholder, since April 2012. Mr. Wu has been a director of CNPT from January 2002 to January 2012 and also served as the president of CNPT from January 2002 to March 2010. He also served in various positions in Luoyang Institute, including as the dean from February 1982 to March 2010. Mr. Wu obtained his bachelor's degree in metal processing under stress from Central South Institute of Mining and Metallurgy (中南礦冶學院) (currently known as Central South University) in December 1981. He is also a professor-grade senior engineer granted by State Bureau of Nonferrous Metals Industry and received the special government allowance from the State Council in 2004. Mr. Wu currently serves as an independent director of Shanghai Datun Energy Resources Co., Ltd. (上海大屯能源股份有限公司), which is listed on the Shanghai Stock Exchange (stock code: 600508.SH).

Mr. Wang Jun (王軍), aged 42, has been an executive Director and the chief financial officer of our Company since June 2011. Mr. Wang is primarily responsible for our daily management in respect of finance, tax and risk management. Mr. Wang has been a director of China Aluminum Technology and China Aluminum Insurance Broker Co. Ltd. (中鋁保險經紀公司) since July 2011 and August 2012 respectively. Mr. Wang served in various positions in Chinalco, including the general representative of the Peru office of Chinalco from March 2002 to November 2010. He also served as the chief financial officer and the manager of finance department of China Aluminum Mineral Resources Co., Ltd. (中鋁礦產資源有限公司) from November 2010 to April 2011. Mr. Wang served in various positions in Aluminum Group of China (中國鋁業集團公司) and Chinalco from April 1998 to March 2002, including as the business manager of the general section of the finance department. He also worked at the finance department of China Nonferrous Metals Corporation and the finance department of North China University of Technology (北方工業大學) from July 1994 to April 1998. Mr. Wang obtained his bachelor's degree in accounting from North China University of Technology in July 1994 and his master's degree in business management from Tsinghua University (清華大學) in January 2004. He is also a senior accountant granted by Chinalco and obtained SIFM.

Independent Non-Executive Directors

Mr. Sun Chuanyao (孫傳堯), aged 68, is an independent non-executive Director of our Company. Mr. Sun is the chairman of our remuneration committee and a member of our nomination committee. He has served in various positions in Beijing General Research Institute of Mining and Metallurgy (北京礦冶研究總院) since November 1981 including the dean, Mr. Sun is an academician of the Chinese Academy of Engineering and the Academy of Engineering of St. Petersburg, Russia, a director of the International Mineral Processing Academic Conference Council, the deputy head of professional committee of China Nonferrous Metals Industry Association, the head of Mineral Processing Academic Committee of the Nonferrous Metals Society of China and the director of the national critical laboratory for mineral processing. Mr. Sun graduated from Northeast University of Technology (東北工學院) (currently known as Northeastern University (東北大學)) in 1968 and obtained his master's degree in mineral processing from Beijing General Research Institute of Mining and Metallurgy in 1981. Mr. Sun served as the chairman of the board of directors of North Magnetic Materials Science and Technology Co., Ltd. (北礦磁材科技股份公司), which is listed on the Shanghai Stock Exchange (stock code: 600980.SH), from August 2000 to May 2007. Currently, Mr. Sun is an independent non-executive director of the Advanced Technology & Materials Co., Ltd. (安泰科技股份有限公司), which is listed on the Shenzhen Stock Exchange (stock code: 000969.SZ). Mr. Sun has been an independent non-executive director of China Nonferrous Mining Corporation Limited (中國有色礦業有限公司) (stock code: 01258.HK), a listed company on the Hong Kong Stock Exchange, since June 2012 and an independent non-executive director of Harbin Electric Coporation Jiamusi Electric Machine Co.,Ltd (哈爾濱電氣集團佳木斯電機股份有限公司) (stock code: 000922.SZ), a listed company on Shenzhen Stock Exchange, since June 2012.

Mr. Cheung Hung Kwong (張鴻光), aged 45, is an independent non-executive Director of our Company. Mr. Cheung is the chairman of our audit committee. Mr. Cheung joined Kaisa Group Holdings Ltd. (stock code: 1638. HK) in July 2008 and currently serves as its chief financial officer, corporate secretary and joint authorized representative. He served in Boto Company Limited, a private company, from March 2003 to December 2007 and was promoted to chief financial officer during that period. He served as a manager of assurance and business advisory service department and corporate finance and recovery department of PricewaterhouseCoopers from July 1994 to March 2003. He has been a member of the American Institute of Certified Public Accountants (AICPA) since August 1996 and a chartered financial analyst qualified by the CFA Institute (formerly known as the Association for Investment Management and Research) in the U.S. since September 2000. Mr. Cheung obtained his bachelor's degree with the second class honors from University of Hong Kong in 1990 and his master's degree with distinction from University of London in 1992.

Mr. Jiang Jianxiang (蔣建湘), aged 47, is an independent non-executive Director of our Company. Mr. Jiang is a member of our audit committee, remuneration committee, nomination committee and risk management committee. Mr. Jiang is currently the dean of the law school of Central South University (中南大學). He is an arbitrator of the Arbitration Committee of Changsha and the Arbitration Committee of Hengyang. He is also a member of the Expert Advisory Committee for the People's Procuratorate of Hunan Province and the expert on the legal system for the People's Government of Changsha. Mr. Jiang was employed as counsel of the Party Committee and the People's Government of Hunan Province on September 2011. Mr. Jiang was granted a second-class prize for state teaching achievement and a first-class prize for teaching achievement of Hunan in 2001, and the title of "the Most Influential Character on Law of Hunan Province" in 2010. Mr. Jiang obtained his bachelor's degree in law from Central China Normal University (華中師範大學) in 1987, his master's degree in philosophy in 2003 and his doctorate degree in management in 2007, respectively, from Central South University. Mr. Jiang has been an independent non-executive director of Zhuzhou Smelter Group Co., Ltd (株洲冶煉集團股份有限公司) (stock code: 600961.SH), a listed company on Shanghai Stock Exchange, since December 2010.

SUPERVISORS

Mr. Long Chaosheng (龍朝生), aged 59, has been a Supervisor of our Company since June 2011. Mr. Long served as a Director of our Company from November 2005 to June 2011 and as the president of our Company from November 2005 to March 2010. He served as a director and as the president of China Aluminum Technology from August 2006 to July 2011, the head of the personnel department of Chinalco from December 2001 to October 2003 and the head of personnel department of Chinalco (preparatory) from October 2000 to December 2001. Mr. Long also served as the vice president of Guizhou Aluminum Plant of Chinalco from October 2003 to October 2005, the president of human resource department of Chalco from December 2001 to September 2003 and the deputy head of the personnel department of the State Bureau of Nonferrous Metals Industry from September 1998 to August 2000. Mr. Long served in various positions in China Nonferrous Metals Industry Corporation including the commissioner of the personnel education department in China Nonferrous Metals Industry Corporation from February 1985 to August 1998. He also worked as a technician and an assistant engineer in Beijing Central Engineering and Research Institute of Nonferrous Metallurgical Industries from February 1980 to January 1985. Mr. Long graduated from the automatic control department of Chongqing University in February 1980. Mr. Long is a senior engineer granted by China Nonferrous Metals Industry Corporation.

Mr. Dong Hai (董海), aged 57, has been a Supervisor of our Company since June 2011. Mr. Dong has been the director of the (patrol office) of discipline inspection committee of Chinalco since December 2009 and a deputy director of the party and discipline inspection team of Chinalco since May 2009. He served in various positions in the PLA Beijing Military Region (解放軍北京軍區) from January 1971 to June 1986, including as a soldier of the political department of No. 85 Zhouqiao corps of engineering (工程兵舟橋85團政治處), a vice company-level staff and the company-level staff of the political department of the division of summit engineering maintenance battalion. Mr. Dong obtained his master's degree in business administration from Zhongnan University of Economics and Law (中南財經政法大學) in June 2008.

Mr. Ou Xiaowu (歐小武), aged 48, has been a Supervisor of our Company since June 2011. He has been the director of the auditing department of Chinalco and the general manager of the finance department of Chalco since December 2009. He served in various positions in Chinalco, including the director of the finance department (auditing department) from October 2000 to February 2006. He also served as a president of the finance department of Chalco from March 2006 to November 2009 and the deputy general manager of Guizhou Branch of Chinalco from January 2002 to October 2003. Mr. Ou served as the deputy director of the finance department and auditing department of China Copper Lead Zinc Group Corporation from September 1999 to September 2000. He served in various positions in China Nonferrous Metals Industry Corporation, including as the director of Division I of auditing department from December 1992 to October 1998. Mr. Ou graduated from the planning and statistics department of Xiamen University (廈門大學) in July 1985. Mr. Ou is a senior auditor granted by China Nonferrous Metals Industry Corporation.

SENIOR MANAGEMENT

For details of Mr. He Zhihui's biography, please see the sub-section headed "Directors" above.

For details of Mr. Wu Yuewu's biography, please see the sub-section headed "Directors" above.

Mr. Qin Qiwu (秦奇武), aged 56, has been a vice president of our Company since June 2011. Mr. Qin has been a director of China Aluminum Technology since July 2011. Mr. Qin is primarily responsible for our daily management in respect of marketing in the PRC, technology management and our information system. He served in various positions in Changsha Institute from January 1982 to March 2011, including senior engineer of the mine processing department, the dean of Mine and Gold Branch, the associate dean and the dean. Mr. Qin graduated from the mine processing department of Central South Institute of Mining and Metallurgy (currently known as Central South University) in December 1981. Mr. Qin is a researcher-grade senior engineer granted by State Bureau of Nonferrous Metals Industry.

Mr. Ma Ning (馬寧), aged 49, has been a vice president of our Company since April 2010 and was reappointed on 30 June 2011. Mr. Ma is primarily responsible for the daily management in respect of operations management and contracting business. Mr. Ma has been a director of Duyun Tongda since May 2011. He has been the chairman of Wenzhou TongGang Construction Co., Ltd (溫州通港建設有限公司) since August 2012 and the chairman of Wenzhou Torin Construction Co., Ltd (溫州通潤建設有限公司) since November 2012. He served in various positions in Shenyang Branch of Chalieco from July 2006 to March 2010, including the vice president. Mr. Ma previously held various positions in SAMI successively from September 1986 to March 2010, including as the engineer of the hot wind department, the head of the purification department, the chief designer and the vice dean. Mr. Ma graduated from Shenyang University (瀋陽大學) and majored in environmental engineering in July 1986. Mr. Ma is an excellent senior engineer granted by Chinalco.

For details of Mr. Wang Jun's biography, please see the sub-section headed "Directors" above.

Human Resources

HUMAN RESOURCES OVERVIEW

As of 31 December 2012, the Group had a total of 10,596 employees, of which 7,870 are male and 2,726 are female, representing 74% and 26% of the total staff respectively. The composition of employees is as follows:

The following table shows a breakdown of our employees by business segment as of 31 December 2012:

	Number of Employees	Percentage of Total
Operation and management personnel	3,020	29%
Engineering technicians	4,052	38%
Production and operation personnel	3,173	30%
Service and other personnel	351	3%
Total	**10,596**	**100%**

The following table shows a breakdown of our employees by level of education as of 31 December 2012:

	Number of Employees	Percentage of Total
Graduate degree and above	764	7%
Undergraduate degree	3,736	36%
Associate degree	2,693	25%
Secondary School and below	3,403	32%
Total	**10,596**	**100%**

INCENTIVES FOR EMPLOYEES

The Group keeps responding to the needs of employees' development. It perfects the employees' performance assessment system based on clear objectives of each posts. The employees' performance is objectively and accurately assessed by breaking down the key tasks of the Group in the year, clarifying performance objective of different roles and setting performance standard. The assessment results are linked to the employees' salary to encourage realization of the potential and working passion of employees.

STAFF TRAINING

The Company compiles an annual training plan based on the Company's development strategies for employees in order to accelerate and enhance training for different staffs in their performing roles. In adherence to the plan, staff training will be implemented accordingly through various trainings with an aim of improving management and technical skills.

EMPLOYEES' REMUNERATION POLICY

The employees' remuneration comprises of basic salary, performance-based salary and different types of allowances. The performance pay is determined based on the results of the Group and the performance assessment results of the employees.

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the shareholders of China Aluminum International Engineering Corporation Limited
(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of China Aluminum International Engineering Corporation Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 62 to 181, which comprise the consolidated and company balance sheets as at 31 December 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

OTHER MATTERS

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 14 March 2013

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2012 RMB'000	2011 RMB'000
Revenue	6	**16,465,972**	12,194,445
Cost of sales	7	**(13,759,408)**	(9,928,220)
Gross profit		**2,706,564**	2,266,225
Selling and marketing expenses	7	**(430,738)**	(371,482)
Administrative expenses	7	**(869,598)**	(775,685)
Other income	8	**77,546**	55,937
Other gains/(losses) – net	9	**27,991**	(3,978)
Operating profit		**1,511,765**	1,171,017
Finance income	10	**94,622**	43,330
Finance expenses	10	**(163,396)**	(115,858)
Finance expenses – net	10	**(68,774)**	(72,528)
Share of loss of associate	20(b)	**(2,258)**	(2,022)
Profit before taxation		**1,440,733**	1,096,467
Income tax expense	11	**(292,546)**	(250,741)
Profit for the year		**1,148,187**	845,726
Fair value losses on available-for-sale financial assets, net of tax		**(30,274)**	(166,575)
Other comprehensive income for the year, net of tax		**(30,274)**	(166,575)
Total comprehensive income for the year		**1,117,913**	679,151
Profit attributable to:			
Equity owners of the Company		**1,106,768**	808,352
Non-controlling interests		**41,419**	37,374
Profit for the year		**1,148,187**	845,726
Total comprehensive income attributable to:			
Equity owners of the Company		**1,076,494**	641,777
Non-controlling interests		**41,419**	37,374
Total comprehensive income for the year		**1,117,913**	679,151
Earnings per share for profit attributable to equity owners of the Company during the year (expressed in RMB per share) – Basic and diluted	12	**0.45**	0.35
Dividends	13	**532,632**	326,457

The notes on pages 70 to 181 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2012 RMB'000	2011 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	16	**1,577,011**	1,329,329
Land use rights	17	**798,030**	713,515
Investment properties	18	**30,007**	31,190
Trade and notes receivables	22	**1,215,820**	376,145
Prepayments and other receivables	23	**192,543**	432,747
Intangible assets	19	**220,729**	250,179
Investment in associates	20(b)	**47,760**	50,018
Available-for-sale financial assets	21	**191,329**	230,985
Deferred income tax assets	36	**324,368**	330,282
Other non-current assets		**4,845**	6,425
Total non-current assets		**4,602,442**	3,750,815
Current assets			
Available-for-sale financial assets	21	**1,000**	130,364
Inventories	26	**712,624**	617,908
Trade and notes receivables	22	**5,198,928**	3,762,217
Prepayments and other receivables	23	**1,603,072**	1,026,439
Amounts due from customers for contract work	25	**4,776,992**	2,254,791
Current income tax prepayments		**4,103**	3,553
Financial assets at fair value through profit or loss	24	**413**	3,803
Restricted cash	27	**275,805**	202,653
Time deposits	28	**198,305**	227,592
Cash and cash equivalents	29	**2,759,653**	2,154,465
Total current assets		**15,530,895**	10,383,785
Total assets		**20,133,337**	14,134,600
Equity			
Share capital	30	**2,663,160**	2,300,000
Reserves	31	**2,378,635**	584,419
Consolidated equity attributable to equity owners of the Company		**5,041,795**	2,884,419
Non-controlling interests		**124,114**	79,528
Total equity		**5,165,909**	2,963,947

	Note	As at 31 December 2012 RMB'000	2011 RMB'000
Liabilities			
Non-current liabilities			
Deferred income	32	**79,022**	20,850
Long-term borrowings	34	**190,349**	–
Retirement and other supplemental benefit obligations	33	**1,367,174**	1,421,426
Deferred income tax liabilities	36	**21,851**	40,970
Trade and other payables	35	**343,841**	143,835
Total non-current liabilities		**2,002,237**	1,627,081
Current liabilities			
Trade and other payables	35	**10,292,577**	7,517,357
Dividends payable	37	**53,080**	81,681
Financial liabilities at fair value through profit or loss	24	**1,499**	–
Amounts due to customers for contract work	25	**211,443**	388,650
Short-term borrowings	34	**2,193,491**	1,303,045
Current income tax liabilities		**94,097**	132,340
Retirement and other supplemental benefit obligations	33	**119,004**	120,499
Total current liabilities		**12,965,191**	9,543,572
Total liabilities		**14,967,428**	11,170,653
Total equity and liabilities		**20,133,337**	14,134,600
Net current assets		**2,565,704**	840,213
Total assets less current liabilities		**7,168,146**	4,591,028

The notes on pages 70 to 181 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors on 14 March 2013 and were signed on its behalf.

Zhang Chengzhong
Director

Wang Jun
Director

BALANCE SHEET OF THE COMPANY

	Note	As at 31 December 2012 RMB'000	 2011 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	16	**99,927**	105,603
Intangible assets	19	**15,603**	14,873
Land use rights	17	**186,565**	192,699
Investment in subsidiaries	20(a)	**2,229,727**	1,884,414
Available-for-sale financial assets	21	**160,011**	194,353
Trade and notes receivables	22	**606,243**	52,518
Other non-current assets		**10,221**	–
Total non-current assets		**3,308,297**	2,444,460
Current assets			
Inventories	26	**327,504**	133,737
Available-for-sale financial assets	21	**1,000**	89,294
Trade and notes receivables	22	**2,201,788**	2,093,253
Prepayments and other receivables	23	**854,405**	1,173,884
Amounts due from customers for contract work	25	**1,497,389**	698,618
Financial assets at fair value through profit or loss	24	**413**	3,803
Restricted cash	27	**2,788**	298
Time deposits	28	**155,140**	131,993
Cash and cash equivalents	29	**1,446,156**	705,761
Total current assets		**6,486,583**	5,030,641
Total assets		**9,794,880**	7,475,101
Equity			
Share capital	30	**2,663,160**	2,300,000
Reserves	31	**1,370,384**	262,416
Total equity		**4,033,544**	2,562,416
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	36	**13,640**	17,869
Retirement and other supplemental benefit obligations	33	**14,895**	14,860
Total non-current liabilities		**28,535**	32,729

BALANCE SHEET OF THE COMPANY (CONTINUED)

		As at 31 December	
	Note	**2012** **RMB'000**	2011 RMB'000
Current liabilities			
Short-term borrowings	34	**864,491**	491,045
Financial liabilities at fair value through profit or loss	24	**1,499**	–
Trade and other payables	35	**4,828,569**	4,090,376
Dividends payable	37	**–**	18,457
Amounts due to customers for contract work	25	**15,050**	186,476
Retirement and other supplemental benefit obligations	33	**376**	230
Current income tax liabilities		**22,816**	93,372
Total current liabilities		**5,732,801**	4,879,956
Total liabilities		**5,761,336**	4,912,685
Total equity and liabilities		**9,794,880**	7,475,101
Net current assets		**753,782**	150,685
Total assets less current liabilities		**4,062,079**	2,595,145

The notes on pages 70 to 181 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors on 14 March 2013 and were signed on its behalf.

Zhang Chengzhong
Director

Wang Jun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity holders of the Company								
	Note	Share capital RMB'000	Capital reserve RMB'000 (Note 31)	Statutory surplus reserve RMB'000 (Note 31)	Investment revaluation reserve RMB'000 (Note 31)	Special reserve RMB'000 (Note 31)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2011		200,000	746,853	170,809	311,219	35,785	1,144,185	2,608,851	159,346	2,768,197
Profit for the year		–	–	–	–	–	808,352	808,352	37,374	845,726
Other comprehensive income:										
Fair value change of available-for-sale financial assets – gross		–	–	–	(220,056)	–	–	(220,056)	–	(220,056)
Fair value change of available-for-sale financial assets – tax		–	–	–	53,481	–	–	53,481	–	53,481
Total comprehensive income		–	–	–	(166,575)	–	808,352	641,777	37,374	679,151
Special Dividends (Note 31(iv (a)))	13	–	–	–	–	–	(276,403)	(276,403)	–	(276,403)
Special Dividends (Note 31(iv (b)))	13	–	–	–	–	–	(50,054)	(50,054)	–	(50,054)
Distributions to Chinalco Group by subsidiaries described in Note 1.2(a)		–	–	–	–	–	(137,211)	(137,211)	–	(137,211)
Dividends to non-controlling interests		–	–	–	–	–	–	–	(91,472)	(91,472)
Acquisition of non-controlling interests	1.2(d)	–	(1,606)	–	–	–	–	(1,606)	(64,478)	(66,084)
Capital contributions by Chinalco Group to subsidiaries described in Note 1.2(a)		–	6,421	–	–	–	–	6,421	–	6,421
Capital contributions by non-controlling interest of the subsidiaries described in Note 1.2(a)		–	–	–	–	–	–	–	9,967	9,967
Acquisition of subsidiaries under common control		–	(3,301)	–	–	–	–	(3,301)	(2,097)	(5,398)
Acquisition of a subsidiary	41	–	–	–	–	–	–	–	30,888	30,888
Event-driven revaluation	31	–	405,368	–	–	–	–	405,368	–	405,368
Transfer of Excluded Assets and Liabilities (defined in Note 1.2(c)) to Chinalco Group	2.3	–	(309,423)	–	–	–	–	(309,423)	–	(309,423)
Appropriation of special reserve		–	–	–	–	14,181	(14,181)	–	–	–
Transfer into joint stock company with limited liability		2,100,000	(842,932)	(170,809)	–	–	(1,086,259)	–	–	–
Appropriation of statutory surplus reserve		–	–	7,084	–	–	(7,084)	–	–	–
At 31 December 2011		2,300,000	1,380	7,084	144,644	49,966	381,345	2,884,419	79,528	2,963,947

The notes on pages 70 to 181 are an integral part of these consolidated financial statements.

	Note	Attributable to equity holders of the Company								
		Share capital RMB'000	Capital Reserve RMB'000 (Note 31)	Statutory surplus reserve RMB'000 (Note 31)	Investment revaluation reserve RMB'000 (Note 31)	Special reserve RMB'000 (Note 31)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2012		2,300,000	1,380	7,084	144,644	49,966	381,345	2,884,419	79,528	2,963,947
Profit for the year		–	–	–	–	–	1,106,768	1,106,768	41,419	1,148,187
Other comprehensive income:		–	–	–	–	–	–	–	–	–
Fair value change of available-for-sale financial assets – gross		–	–	–	(39,656)	–	–	(39,656)	–	(39,656)
Fair value change of available-for-sale financial assets – tax		–	–	–	9,382	–	–	9,382	–	9,382
Total comprehensive income		–	–	–	(30,274)	–	1,106,768	1,076,494	41,419	1,117,913
Issuance of ordinary shares for Listing, net		363,160	717,657	–	–	–	–	1,080,817	–	1,080,817
Capital contributions by non-controlling interest of the subsidiaries		–	65	–	–	–	–	65	3,167	3,232
Appropriation of special reserve		–	–	–	–	6,651	(6,651)	–	–	–
Appropriation of statutory surplus reserve		–	–	41,607	–	–	(41,607)	–	–	–
At 31 December 2012		2,663,160	719,102	48,691	114,370	56,617	1,439,855	5,041,795	124,114	5,165,909

The notes on pages 70 to 181 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2012 RMB'000	2011 RMB'000
Cash flows from operating activities			
Cash used in operations	39	**(964,160)**	(707,241)
Income tax paid		**(346,268)**	(215,333)
Interest received		**24,918**	8,624
Net cash used in operating activities		**(1,285,510)**	(913,950)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(295,554)**	(295,945)
Purchase of intangible assets		**(9,994)**	(52,286)
Purchase of land use rights		**(64,058)**	(178,860)
Purchase of available-for-sale financial assets		**(1,480,000)**	(2,483,214)
Acquisition of the subsidiary (Note 41)		**–**	6,792
Acquisition of non-controlling interest		**–**	(71,486)
Interest received from available-for-sale financial assets and time deposits		**7,113**	45,573
Decrease in time deposits		**29,287**	775,251
Proceeds from disposal of property, plant and equipment		**3,138**	73,482
Proceeds from disposal of land use rights		**–**	18,428
Proceeds from disposal of subsidiaries and available-for-sale financial assets		**1,609,364**	2,342,877
Government grants		**12,601**	3,174
Disposal of financial assets at fair value through profit or loss		**17,543**	28,249
Net cash inflow from disposal of subsidiaries and available-for-sale financial assets		**–**	832
Financing provided to Build-Transfer contract counterparty	23(ii)	**(109,700)**	(157,000)
Dividends received		**1,887**	3,821
Net cash (used in)/generated from investing activities		**(278,373)**	59,688
Cash flows from financing activities			
Capital contributions by Chinalco Group to the subsidiaries described in Note 1.2(a)		**–**	6,461
Proceeds from Global Offering		**1,164,097**	–
Payment of fees relating to Listing		**(83,280)**	–
Capital contributions by the non-controlling interests of the subsidiaries described in Note 1.2(a)		**–**	9,967
Borrowings received		**3,165,920**	1,521,045
Repayments of borrowings		**(2,085,126)**	(773,000)
Loans and borrowings received from related party	35(ii)	**–**	52,345
Working capital received from employees	35(iii)	**101,183**	–
Payment in advance received from Build-Transfer Contract counterparty	35(i)	**280,000**	120,000
Dividends paid to Chinalco Group		**(15,291)**	(476,884)
Dividends paid to non-controlling interests		**(10,143)**	(839)
Interest paid		**(108,815)**	(58,474)
Repayment of loans and borrowings received from related parties		**(134,346)**	–
Repayment of working capital received from employees	35(iii)	**(101,183)**	–
Net cash generated from financing activities		**2,173,016**	400,621
Net increase/(decrease) in cash and cash equivalents		**609,133**	(453,641)
Cash and cash equivalents at beginning of year		**2,154,465**	2,611,456
Exchange losses on cash and cash equivalents		**(3,945)**	(3,350)
Cash and cash equivalents at end of year		**2,759,653**	2,154,465

The notes on pages 70 to 181 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION AND REORGANISATION

1.1. General information

China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司, the "Company") and its subsidiaries (together, the "Group") is principally engaged in engineering design and consultancy, engineering and construction contracting and equipment manufacturing.

The Company was established as a company with limited liability under the name of China Aluminum International Engineering Co., Ltd. (中鋁國際工程有限責任公司) in the People's Republic of China (the "PRC") on 16 December 2003 under the Company Law of the PRC. The address of its registered office is Building C, No. 99 Xingshikou Road, Haidian District, Beijing, the PRC.

The directors of the Company (the "Directors") regard Aluminum Corporation of China (中國鋁業公司, "Chinalco") as being the ultimate holding company of the Group, which is owned and controlled by the State-Owned Assets Supervision and Administration Commission of the State Council of the PRC. The Company has completed its primary listing (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 6 July 2012.

These financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

1.2. Reorganisation

Upon the establishment of the Company, Chinalco held its 95% equity interest and China Aluminum International Trading Company Limited (中鋁國際貿易有限公司), a wholly-owned subsidiary of Aluminum Corporation of China Limited (中國鋁業股份有限公司), which is a subsidiary of Chinalco, held the remaining 5% equity interest. On 10 February 2011, China Aluminum International Trading Company Limited transferred its 5% equity interest in the Company to Chinalco and subsequently the Company became a wholly-owned subsidiary of Chinalco. Pursuant to a reorganisation of the engineering and construction contracting and design consultation business (the "Core Business") of Chinalco and its subsidiaries (collectively, the "Chinalco Group") in preparation for the initial listing (the "Listing") of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Reorganisation"), the Company became the holding company of the subsidiaries now comprising the Group. The Company then transformed into a joint stock company with limited liability and renamed as China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司) on 30 June 2011.

The principal reorganisation transactions include:

(a) Chinalco Group transferred the equity interests in following subsidiaries to the Group:

(i) 100% equity interest in China Nonferrous Metal Changsha Investigation and Design Research Institute Co., Ltd (中國有色金屬工業長沙勘察設計研究院有限公司, "Changkan Institute");

(ii) 100% equity interest in Sixth Metallurgical Construction Company of China Nonferrous Metals Industry (中國有色金屬工業第六冶金建設有限公司, "Sixth Construction");

(iii) 100% equity interest in China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd. (中色十二冶金建設有限公司, "Twelfth Construction");

(iv) 100% equity interest in Shandong Aluminum Engineering Co., Ltd (山東鋁業工程有限公司, "Shanlv Construction");

1. GENERAL INFORMATION AND REORGANISATION (Continued)

1.2. Reorganisation (continued)

(a) Chinalco Group transferred the equity interests in following subsidiaries to the Group (continued):

(v) 100% equity interest in China Aluminum Great Wall Construction Co., Ltd. (中國長城建設有限公司, "Changlv Construction");

(vi) 100% equity interest in Tianjin Jinlv Construction Co., Ltd. (天津晉鋁建設有限公司, which is now renamed 中鋁國際(天津)建設有限公司, "Jinlv Construction"). Before transferring the entire 100% equity interest of Jinlv Construction to the Group, Chinalco acquired the remaining 31% equity interest of Jinlv Construction from a non-controlling equity holder;

(vii) 60% equity interest in China Nonferrous Metal Processing Technology Co., Ltd. (中色科技股份有限公司, "China Nonferrous Metal").

(b) Certain subsidiaries of the Company, including those transferred from the Chinalco Group described in Note 1.2(a), where applicable, were transformed from state-owned enterprises into companies with limited liability under the Company Law of the PRC. The limited liability companies transformed from previous state-owned enterprises include Shenyang Aluminum & Magnesium Engineering Research Institute Co., Ltd. (瀋陽鋁鎂設計研究院有限公司), Guiyang Aluminum and Magnesium Design Institute Co., Ltd. (貴陽鋁鎂審計研究院有限公司), Changkan Institute, Changsha Institute, Sixth Construction, Twelfth Construction and Changlv Construction.

(c) In connection with the reorganisation described in Note 1.2(a) and (b), the following assets and liabilities were transferred to Chinalco Group:

(i) operating assets and liabilities (the "Excluded Operations") which are unrelated to the Core Business, mainly including real estate business; and

(ii) certain individual assets and liabilities (the "Excluded Assets and Liabilities") which are not directly related to the Core Business.

1. GENERAL INFORMATION AND REORGANISATION (Continued)

1.2. Reorganisation (continued)

(d) The Group acquired certain equity interests from non-controlling equity holders during the Reorganisation, of which the impact is summarised as follows:

	Impact on equity attributable to equity owners of the Company RMB'000	**Non-controlling interest acquired** RMB'000
Acquisition of the remaining 31% equity interest of Jinlv Construction by Shanxi Aluminum Plant (Note 1.2(a)(vi))	27,804	(27,804)
Acquisition of 13.5% equity interest of China Nonferrous Metal, increasing the Company's equity interest from 60% to 73.5%	(26,103)	(8,723)
Acquisition of 20% equity interest of Guiyang Zhenxing Aluminum & Magnesium Technological Development Co., Ltd	731	(16,106)
Acquisition of 22.29% equity interest of Suzhou Engineering & Research Institute for Nonferrous Metal Co., Ltd	(4,038)	(11,845)
	(1,606)	(64,478)

(e) Subsequent to the above reorganisation transactions, which were completed on 31 March 2011, the Company was transformed into a joint stock company with limited liability on 30 June 2011.

All English names represent the best effort by the Directors in translating the Chinese names, as they do not have any official English names, and are for reference only.

2. BASIS OF PRESENTATION

2.1 As the Company and its subsidiaries described in Note 1.2(a) are under the control of Chinalco both before and after the Reorganisation and control is not transitory, the Reorganisation has been accounted for as a reorganisation of business under common control and the consolidated financial statements of the Group have been prepared using the principals of merger accounting. The consolidated balance sheets as at 31 December 2011, and consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended 31 December 2011 have been presented as if the current group structure had been in existence throughout the year or since respective dates of incorporation/establishment or acquisition, whichever is the shorter year.

2.2 The consolidated financial statements have not included the assets, liabilities and results of the Excluded Operations as described in Note 1.2(c)(i) above, on the basis that these operations are engaged in dissimilar businesses from those of the Group, have separate management personnel and accounting records and have been financed and operated historically as if they were autonomous.

2. BASIS OF PRESENTATION (Continued)

2.3 The consolidated financial statements however include the Excluded Assets and Liabilities as described in Note 1.2(c)(ii) above, because they were not managed or accounted for separately and could not be clearly distinguished from the Core Business. These assets and liabilities were transferred to Chinalco Group upon the completion of the Reorganisation.

The Excluded Assets and Liabilities that were transferred to Chinalco Group upon the completion of the Reorganisation as at 31 March 2011 were summarised as follow:

	At 31 March 2011 RMB'000
Non-current assets	256,305
Current assets	80,469
Current liabilities	(27,351)
Net assets	309,423

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

The consolidated financial statements set out in this report have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB").

The consolidated financial statements has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value, and certain property, plant and equipment, investment properties, land use rights and intangible assets, which are carried at deemed cost.

Pursuant to relevant PRC laws and regulations and as part of the Reorganisation, property, plant and equipment, investment properties, land use rights and other intangible assets of certain subsidiaries were revalued on 31 March 2011 by the independent qualified valuer, Beijing Zhongfeng Assets Evaluation Co., Ltd (北京中鋒資產評估有限責任公司) and approved by relevant government authorities upon the completion of the reorganisation on 31 March 2011. The Amendment to IFRS 1 allows first-time adopters to use an event-driven fair value as deemed cost for assets and liabilities, even if the event occurs after the date of transition to IFRS, but before the first set of IFRS financial statements are issued. The Group has elected the exemption granted under the Amendment to IFRS 1 in applying such values as the deemed cost in its first IFRS financial statements.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5 below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of preparation (continued)

The IASB has issued a number of new and revised IFRSs. The Group has adopted all these new and revised IFRSs, which are effective for the accounting periods beginning on or after 1 January 2012 consistently throughout the periods in the preparation of the consolidated financial statements. The revised and new accounting standards and interpretations issued but not yet effective for the financial year ended 31 December 2012 which are relevant to the Group but the Group has not early adopted are set out below:

- IFRS 9, 'Financial instruments' addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2015 but is available for early adoption. The Group is yet to assess IFRS 9's full impact. However, initial indications are that it may affect the Group's accounting for its available-for-sale financial assets, as IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in the statement of comprehensive income. However, initial indications are that it is not expected to have a material impact on the Group's financial statements. The Group has not yet decided when to adopt IFRS 9.

- IFRS 10, 'Consolidated financial statements', replaces all of the guidance on control and consolidation in IAS 27, 'Consolidated and separate financial statements', and SIC-12, 'Consolidation – special purpose entities'. The standard is not applicable until 1 January 2013 but is available for early adoption. As IFRS 10 applies retrospectively, the standard might impact the entities to be consolidated from 1 January 2012. The Group is yet to assess IFRS 10's full impact. However, initial indications are that it is not expected to have a material impact on the Group's financial statements.

- IFRS 12, 'Disclosure of interests in other entities', addresses the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess IFRS 12's full impact. However, initial indications are that it is not expected to have a material impact on the Group's financial statements.

- IFRS 13, 'Fair value measurement', provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The standard is not applicable until 1 January 2013 but is available for early adoption. However, initial indications are that it is not expected to have a material impact on the Group's financial statements.

- IAS 19 (Amendment), 'Employee benefits', eliminates the corridor approach and calculate finance costs on a net funding basis. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess IAS 19 (Amendment)'s full impact. However, initial indications are that it is not expected to have a material impact on the Group's financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise from circumstances where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(a) Business combinations

The transfer/acquisition of equity interests in subsidiaries, which are regarded as common control combinations are accounted for in a manner similar to a uniting of interests. Assets and liabilities are transferred at book value, adjusted only to harmonise accounting policies, and no goodwill arises. Any difference between the consideration given and the aggregate book value of the assets and liabilities acquired (as of the date of the transaction) is included in equity. The financial statements incorporate the acquired entity's results as if both entities (acquirer and acquiree) had always been combined. Consequently, the financial statements reflect both entities' full year's results, even though the business combination may have occurred part of the way through the year. In addition, the corresponding amounts for the previous year also reflect the combined results of both entities, even though the transaction did not occur until the current year.

The acquisition method of accounting is used to account for business combinations other than common control combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of bargain purchase, the difference is recognised directly in the statement of comprehensive income (Note 3.8).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Consolidation (continued)

Subsidiaries (continued)

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying value for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss (Note 3.9).

The Group's shares of its associates' post-acquisition profits or losses and its share of post acquisition movements in other comprehensive income is recognised in the statement of comprehensive income, with a corresponding adjustment to the carrying amount of the investments. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Consolidation (continued)

Associates (continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to “share of profit/(loss) of an associate” in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group’s financial statements only to the extent of unrelated investor’s interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

3.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors and certain senior management (including chief accountant) (together referred to as the “Senior Management”) that makes strategic decisions.

3.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the entities within the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Renminbi (“RMB”), which is the Group’s functional currency and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within “other (losses)/gains”. All other foreign exchange gains and losses are presented in the consolidated income statements within “other gains – net”.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Foreign currency translation (continued)

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

ii. income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

iii. all resulting exchange differences are recognised in other comprehensive income.

3.5 Property, plant and equipment

Property, plant and equipment, apart from construction-in-progress ("CIP"), are stated at historical cost less accumulated depreciation and accumulated impairment loss except for certain property, plant and equipment, which are stated at deemed cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditures that are directly attributable to the acquisition of the items, including the purchase price, import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings and other facilities	
– Buildings	8-45 years
– Temporary used facilities	2-3 years
Equipment plant and machinery	8-20 years
Transportation equipment	5-14 years
Furniture, office and other equipment	4-10 years

CIP represents buildings and plant under construction and is stated at cost. Cost includes costs of construction of buildings, cost of plant and other direct costs. No provision for depreciation is made on CIP until the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to the relevant asset categories and depreciated in accordance with the policy as stated above.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Property, plant and equipment (continued)

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.9).

Gains or losses on disposals are determined by comparing the proceeds on disposal with the carrying amount and are included within "other gains – net" in the statement of comprehensive income.

3.6 Land use rights

Land use rights represent upfront prepayments made for the land use rights at historical cost, except for certain land use right stated at deemed cost, and are expensed in the statement of comprehensive income on a straight-line basis over the terms of the leases. Whenever there is impairment, the impairment is recognised in the statement of comprehensive income.

3.7 Investment properties

Property that is held for long-term yields or for capital appreciation or both, and that is not occupied by the companies comprising the Group, is classified as investment property. Investment properties are stated at cost including related transaction costs, less accumulated depreciation and impairment losses except for certain investment property stated at deemed cost. Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the statement of comprehensive income during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Property that is being constructed or developed for future use as investment property is stated at cost until construction or development is completed, at which time it is reclassified and subsequently accounted for as investment property.

Depreciation is calculated using the straight-line method to amortise and write off the cost of the asset over a period ranging from 20 to 40 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount, and are recognised in the statement of comprehensive income.

Rental income from investment property is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business consolidation in which the goodwill arose identified according to operating segment.

(b) Computer software

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 4 to 6 years, and recorded in 'depreciation and amortisation' within operating expenses in the statement of comprehensive income.

(c) Patent and proprietary technologies

Patents and proprietary technologies are initially recorded at cost except for certain patent and proprietary technologies stated at deemed cost. These intangibles assets are amortised on a straight-line basis over their useful lives of 5 to 10 years as stated in law.

3.9 Impairment in non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. The Group's loans and receivables primarily include 'trade and other receivables', 'Restricted cash', 'Time deposits' and 'Cash and cash equivalents' in the balance sheet.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. The Group assesses its intention and ability to hold its held-to-maturity investments to maturity at each subsequent balance sheet date. If the Group was to sell other than an insignificant amount of held-to-maturity financial assets, the whole category should be tainted for two full annual reporting periods and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the balance sheet date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months after the balance sheet date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Financial assets (continued)

(b) Recognition and measurement

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Changes in the fair value of available-for-sale investments are recognised in other comprehensive income. When available-for-sale investments are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income when the right of the Group to receive payments is established.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statements as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statements as part of other income when the Group's right to receive payments is established.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale investments, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investments previously recognised in the statement of comprehensive income – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income. Impairment loss on the available-for-sale investment is measured as the difference between the carrying amount of the investment and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset (Note 3.12).

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are expensed to relevant operating expenses when used, sold or capitalised to property, plant and equipment when installed, as appropriate, using moving weighted average method. The cost of finished goods and work-in-progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

3.12 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amounts of the assets are reduced through the use of allowance accounts, and the amount of the provision is recognised in the consolidated statement of comprehensive income. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

3.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

3.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has contractual or an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.16 Payables

Payables primarily include accounts payable and accrued liabilities, and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Employee benefits

Pension obligations

The full-time employees of the Group in the PRC are covered by various government-sponsored pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

The Group also provides supplementary pension subsidies to certain employees in the PRC. Such supplementary pension subsidies are considered to be defined benefit plans as the Group is obligated to provide post-employment benefits to these employees. The liability recognised in the consolidated balance sheets in respect of these defined benefit plans is the present value of the defined benefit obligation at the balance sheet date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities, which have maturity approximating to the terms of the related pension liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of 10% of the defined benefit obligation are charged or credited to the statement of comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the statement of comprehensive income unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

The Group has various defined contribution plans in accordance with the local conditions and practices in the municipalities and provinces in which they operate. Defined contribution plans are pension and/or other social benefit plans under which the Group pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The contributions are recognised as labour costs when they are due.

Other post-employment obligations

Some of the companies comprising the Group provide post-retirement medical benefits to their retired employees. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of 10% of the defined benefit obligation, are charged or credited to the statement of comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Employee benefits (continued)

Termination and early retirement benefits

Termination and early retirement benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination and early retirement benefits when it is demonstrably committed to either: (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy. The specific terms vary among the terminated and early-retired employees depending on various factors including position, length of service and district of the employee concerned. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Housing benefits

The Group contributes to the state-prescribed housing fund. Such costs are charged to the consolidated statement of comprehensive income as incurred. Apart from those described above, the Group does not have other legal or constructive obligations over such benefits.

Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present contractual or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

3.18 Taxation

Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Income tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business consolidation that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Taxation (continued)

Current and deferred income tax (continued)

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associate, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and deferred income tax liabilities are offset when meeting all the conditions below:

- The Group has the legally enforceable right to settle current income tax assets and current income tax liabilities; and

- The deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Value-added taxation ("VAT")

Sales of goods of the Group are subjected to VAT. VAT payable is determined by applying applicable tax rate on the taxable revenue arising from sales of goods after offsetting deductible input VAT of the period.

Business tax

Revenue resulting from providing design and construction services is subject to business tax at 3% or 5% of gross service income.

3.19 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of the obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the financial statements unless the probability of outflow of resources embodying economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is not recognised in the financial statements unless virtually certain but disclosed when an inflow of economic benefits is probable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.21 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

3.22 Contract work

Contract costs are recognised as expense in the period in which they are incurred. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Group uses the "percentage of completion method" to determine the appropriate amount of profit to be recognised in a given period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. Costs incurred in the year/period in connection with the future activity of a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories or prepayments, depending on their nature.

Contract work-in-progress is valued at the cost of the work done, plus the expected profit upon completion of the project in proportion to the progress made and less progress billings and provisions. Provisions are recognised for expected losses on contract work-in-progress, as soon as they are foreseen, and deducted from the cost. The cost includes direct project costs, consisting of direct payroll costs, materials, costs of subcontracted work, borrowing costs directly attributable to the relevant contracts, rental charges, maintenance costs for the equipment used and other direct costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Contract work (continued)

Profits are not recognised unless a reliable estimate can be made of the result on completion of the project. The balance of the value of contract work-in-progress and progress billings is determined on a project-to-project basis. For projects where the progress billings exceed the value of contract work-in-progress, the balance is recognised under current liabilities instead of under current assets. The respective balance sheet items are “amounts due to customers for contract work” and “amounts due from customers for contract work”. When the Group issues the progress billings, trade receivables will be recognised or the balance of advance from customers will be reduced accordingly, and there will be a corresponding decrease in the amount due from customers for contract work or increase in the amount due to customers for contract work.

3.23 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the construction contracts and sale of goods and services in the ordinary course of the Group’s activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group’s activities as described below. The amount of revenue is not considered reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from construction and service contracts

When the outcome of a contract can be estimated reliably, revenue from construction and service contracts is recognised under the percentage of completion method and is measured mainly by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and such contract costs is recognised as an expense in the period in which they are incurred.

Variation in contract work, claims and incentive payments are included in the contract revenue to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in the consolidated statement of comprehensive income in the period in which the circumstances that give rise to the revision become known by management.

Services rendered

Revenue for services rendered mainly includes technique development, design, consultation and supervision is recognised when services are rendered and when it is probable that the economic benefits associated with the transaction will flow to the entity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.23 Revenue recognition (continued)

Sales of products

Sales of products are recognised when significant risks and rewards of ownership of the goods are transferred to the customers, and the customer has accepted the products and collectability of the related receivables is reasonably assured.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a loan and receivable are impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

3.24 Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

(i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;

(ii) management intends to complete the intangible asset and use or sell it;

(iii) there is an ability to use or sell the intangible asset;

(iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;

(v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and

(vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life.

3.25 Dividend distribution

Dividend distribution to the Group's equity holders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Group's equity holders or directors, where appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.26 Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it occurs because of a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is recognised initially at fair value, and subsequently measured (unless they are designated at fair value through profit or loss) at higher of (i) the amount determined in accordance with IFRS 37, "Provision, contingent liabilities and contingent assets", and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised over the life of the guarantee on a straight-line basis.

4. FINANCIAL RISK MANAGEMENT

The Group works out general principles for overall risk management, including management of financial risks, as well as management policies covering specific areas. In considering the importance of risks, the Group identifies and evaluates risks at head office and individual subsidiary level, and requires analysis and proper communication for the information collected periodically.

4.1 Financial risk factors

The activities of the Group expose them to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The overall risk management program of the Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance of the Group.

(a) Market risk

Foreign exchange risk

The functional currency of the entities within the Group is RMB and most of the transactions are settled in RMB.

The Group carries out operations outside the PRC where transactions are usually denominated in the United States Dollars ("USD") which are translated into RMB at the prevailing exchange rates on the dates of the transactions.

The Group is exposed to currency risk primarily through provision of engineering contracting services, which give rise to receivables and payables, borrowings and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currency that gives rise to this risk is primarily in USD as at 31 December 2012 and 2011.

On the other hand, RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demands.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than RMB to which they relate.

	At 31 December			
	2012		2011	
	USD	**Others**	USD	Others
	RMB'000	**RMB'000**	RMB'000	RMB'000
Cash and cash equivalent, restricted cash and time deposit	**23,095**	**682,975**	47,072	44,760
Trade receivables	**715,276**	**46,288**	236,194	74,646
Trade and other payables	**(1,642,373)**	**(262,730)**	(799,763)	(44,283)
Net exposure in RMB	**(904,002)**	**466,533**	(516,497)	75,123

A 5% strengthening of RMB against the USD as at 31 December 2012 and 2011 would have increased/ (decreased) the net profit by the amounts shown below:

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Net profit change	**45,200**	25,825

A 5% weakening of RMB against USD as at 31 December 2012 and 2011 would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

The Group has set up a policy to manage their foreign exchange risk against their functional currency. The Group enters into foreign currency forward contracts in order to reduce the exposure to USD. Taking into consideration of the foreign currency forward contracts, a 5% strengthening of RMB against USD as at 31 December 2012 and 2011 would have increased the net profit by the amounts shown below:

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Net profit change	**45,613**	29,628

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for the years ended 31 December 2012 and 2011.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets and borrowings. As at 31 December 2012 and 2011, the Group's borrowings approximately RMB2,384 million and RMB1,303 million, respectively, were at floating rates. The interest rates and terms of repayment of the Group's borrowings are disclosed in Note 34.

Price risk

The Group is exposed to equity securities price risk because the Group's equity securities investments are classified as available-for-sale financial assets or financial assets at fair value through profit or loss, which are required to be stated at their fair values.

The following table details the Group's sensitivity to a 5% increase and 5% decrease in equity securities price on the available-for-sale financial assets or financial assets at fair value through profit or loss at each balance sheet date while all other variables were held constant. Management has used 5% to illustrate the equity price risk as the fluctuation in equity securities price is unpredictable.

	At 31 December	
	2012	2011
Change in equity securities price	**5%**	5%

	At 31 December	
	2012 **RMB'000**	2011 RMB'000
Impact on equity		
Increase/(decrease) in equity for the year		
– as a result of increase in equity securities price	**6,899**	8,412
– as a result of decrease in equity securities price	**(6,899)**	(8,412)

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (continued)

(b) Credit risk

The Group's credit risk is primarily attributable to restricted cash, time deposit, cash and cash equivalents, trade and other receivables and other current assets.

Substantially all of the Group's time deposits, cash and cash equivalents are mainly deposited in the stated owned/controlled PRC banks, which the Directors have assessed the credit risk to be insignificant.

The Group has policies in place to ensure that services are rendered and products are sold to customers with appropriate credit history and the Group reforms periodic credit evaluations of its customers. Normally the Group does not require collaterals from trade debtors. However, the Group requested an payment in advance from the proprietor of the specific Build-Transfer ("BT") contract to minimise the credit risk involved in a BT contract where the Group would normally undertake the financing of the construction. The Directors consider that the Group does not have a significant concentration of credit risk.

Regarding balances with related parties, the Group assesses the credibility of the related parties by reviewing the operating results and gearing ratios periodically.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors the cash flow forecasts of the Group, which comprises the undrawn borrowing facility (Note 34), and cash and cash equivalents available as at each month end in meeting its liabilities.

The table below analyses the Group's non-derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period from the balance sheet dates to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2011					
Borrowings (Note 34)	1,354,228	–	–	–	1,354,228
Trade and other payables	5,155,812	143,835	–	–	5,299,647
Dividends payable (Note 37)	81,681	–	–	–	81,681
Financial guarantee (Note 42(c))	48,340	–	–	–	48,340
	6,640,061	143,835	–	–	6,783,896

	Within 1 year RMB'000	**1-2 years RMB'000**	**2-5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
At 31 December 2012					
Borrowings (Note 34)	**2,272,554**	**141,038**	**63,258**	**–**	**2,476,850**
Trade and other payables	**6,372,220**	**343,841**	**–**	**–**	**6,716,061**
Dividends payable (Note 37)	**53,080**	**–**	**–**	**–**	**53,080**
	8,697,854	**484,879**	**63,258**	**–**	**9,245,991**

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2 Capital risk management

The objectives of the Group when managing capital are to safeguard the ability of the Group in continuing as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

The Group monitors their capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debts are calculated as the total borrowings and other liabilities (including borrowings, other non-current liabilities, trade and other payables, as shown in the consolidated balance sheets) less restricted cash, time deposits and cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheets, plus net debts less non-controlling interest. The Group aims to maintain the gearing ratio to be within 60-90%.

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Total borrowings and other liabilities	**13,365,302**	9,455,418
Less: Restricted cash, time deposits and cash and cash equivalents	**(3,233,763)**	(2,584,710)
Net debt	**10,131,539**	6,870,708
Total equity	**5,041,795**	2,884,419
Total capital	**15,173,334**	9,755,127
Gearing ratio	**67%**	70%

4.3 Fair value estimation

Fair value measurements

The Group discloses fair value measurements of financial instruments by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

4. FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (continued)

Fair value disclosures

The carrying amounts of the Group's financial assets and liabilities including restricted cash, time deposits, cash and cash equivalents, trade and other receivables, trade and other payables and borrowings and loans approximate their fair values due to their short maturities.

The following table presents the Group's assets/liabilities that are measured at fair value as at 31 December 2012 and 2011.

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Level 1		
Available-for-sale financial assets		
Listed equity securities	**181,145**	220,801
Level 2		
Financial assets at fair value through profit or loss	**413**	3,803
Financial liabilities at fair value through profit or loss	**(1,499)**	–
	180,059	224,604

The unlisted equity securities are carried at cost less impairment as these investments do not have a quoted market price and range of reasonable fair value estimate is so significant that the directors of the Company are of the opinion that their fair value cannot be measured reliably.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes accounting estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

5.1 Construction contracts

Revenue from individual contracts is recognised under the percentage of completion method, which requires estimations, by management. Anticipated losses are fully provided on contracts when identified. Because of the nature of the activity undertaken in construction and engineering businesses, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group reviews and revises the estimates of both contract revenue and contract costs (including material costs) in the budget prepared for each contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in the consolidated income statements in the period in which the circumstances that give rise to the revision become known by management.

5.2 Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on projected wear and tear incurred during the useful life of property, plant and equipment. This could change significantly as a result of technical renovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives or residual values vary with previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

5.3 Provision for impairment of trade receivables

The Group determines the provision for impairment of trade receivables. This estimate is based on the credit history of the customers and the current market condition. Management reassesses the adequacy of provision on a regular basis by reviewing the individual account based on past credit history and any prior knowledge of debtor insolvency or other credit risk which might not be easily accessible public information and market volatility might bear a significant impact which might not be easily ascertained.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (Continued)

5.4 Current taxation and deferred taxation

The Group pays income tax in various regions. There are various uncertainties on the ultimate income tax treatments for many transactions and events arising from normal operating activities, overall assets transfers and corporate restructuring. The Group has to make critical accounting judgments when calculating income tax expense in different regions. In the event that the finalised amounts recognised for such tax events are different from those originally recorded, this could result in material adjustments to income tax expense and deferred income tax.

The estimates of deferred income tax assets require estimates over future taxable profit and corresponding applicable income tax rates of respective years. The change in future income tax rates and timing would affect income tax expense or benefit, as well as deferred income tax balance. The realisation of deferred income tax assets also depends on the realisation of sufficient profitability (taxable profit) of the Group. Deviation of future profitability from the estimate could result in material adjustments to the carrying amount of deferred income tax assets. Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation in the periods in which such estimates are changed.

5.5 Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for provisions include the discount rate, the average life expectancy of residents in the PRC, the average medical expense increase rate, the cost of living adjustment (COLA) for beneficiaries and the medical costs paid to early retirees are assumed to continue until the death of the retirees. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year/period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of government securities, which have maturity approximating to the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 33.

5.6 Tax matters pursuant to the Reorganisation

In connection with the Reorganisation, the Company transferred the Excluded Operations which are unrelated to the Core Business and the Excluded Assets and Liabilities which are related to the Core Business to Chinalco Group. The Group determines that the tax obligation of the above reorganisation transaction remained uncertain and as such, the Group did not provide for the tax obligation. In the event that tax obligation arose from the reorganisation transaction which could result in material adjustments to income tax expense, Chinalco has provided a guarantee to the Company that Chinalco will bear all such taxes.

6. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group's revenue is set out below:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Engineering design and consultancy	**2,032,290**	1,449,826
Engineering and construction contracting	**13,540,306**	9,845,781
Equipment manufacturing	**893,376**	898,838
	16,465,972	12,194,445

(b) Segment information

Management has determined the operating segments based on the reports reviewed by the Senior Management that are used to make strategic decisions.

The Senior Management considers the business from a product and service perspective, which mainly includes three reportable operating segments: (i) engineering design and consultancy; (ii) engineering and construction contracting and (iii) equipment manufacturing.

Inter-segment sales were conducted at prices no less than cost and with terms mutually agreed among those business segments. Operating expenses of a functional unit are allocated to the relevant segment which is the predominant user of the services provided by the unit. Operating expenses of other shared services which cannot be allocated to a specific segment and corporate expenses are included as unallocated costs.

Segment assets consist primarily of property, plant and equipment, land use rights, investment properties, intangible assets, investment in associates, other non-current assets, inventories, amounts due from customers for contract work, trade and notes receivables, prepayments and other receivables, restricted cash, time deposits and cash and cash equivalents. Unallocated assets comprise deferred income tax assets and prepaid income tax.

Segment liabilities comprise operating liabilities and borrowings. Unallocated liabilities comprise items such as current income tax liabilities and deferred income tax liabilities.

Capital expenditure comprises additions to property, plant and equipment (Note 16), land use rights (Note 17), investment properties (Note 18), intangible assets (Note 19) and other non-current assets, including additions resulting from acquisitions through business combinations.

6. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

The segment information provided to the Senior Management for the reportable segments is as follow:

(i) As at and for the year ended 31 December 2012:

The segment results for the year ended 31 December 2012 are as follows:

	Engineering design and consultancy RMB'000	Engineering and construction contracting RMB'000	Equipment manufacturing RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Segment revenue and results					
Segment revenue	2,140,445	13,569,084	1,024,076	(267,633)	16,465,972
Inter-segment revenue	(108,155)	(28,778)	(130,700)	267,633	–
Revenue	2,032,290	13,540,306	893,376	–	16,465,972
Segment result	472,635	932,080	106,130	920	1,511,765
Finance income	13,474	79,313	2,314	(479)	94,622
Finance expenses	(32,476)	(119,147)	(15,196)	3,423	(163,396)
Share of loss of associate	–	(2,258)	–	–	(2,258)
Profit before taxation	453,633	889,988	93,248	3,864	1,440,733
Income tax expense					(292,546)
Profit for the year					1,148,187
Other segment items					
Amortisation	37,498	16,359	5,238	(173)	58,922
Depreciation	49,202	59,372	13,209	–	121,783
Provision for/(reversal of)					
– foreseeable losses on construction contracts	–	(5,542)	–	–	(5,542)
– impairment on trade and other receivables	4,722	20,258	6,394	–	31,374

6. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

(i) As at and for the year ended 31 December 2012 (continued):

The segment assets and liabilities as at 31 December 2012 and capital expenditure for the year then ended are as follows:

	Engineering design and consultancy RMB'000	Engineering and construction contracting RMB'000	Equipment manufacturing RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Assets					
Segment assets	3,914,661	18,276,771	1,651,630	(4,038,196)	19,804,866
Unallocated assets					
– Deferred income tax assets					324,368
– Current income tax prepayments					4,103
Total assets					20,133,337
Liabilities					
Segment liabilities	1,828,455	13,321,892	1,083,330	(1,382,197)	14,851,480
Unallocated liabilities					
– Deferred income tax liabilities					21,851
– Current income tax liabilities					94,097
Total liabilities					14,967,428
Capital expenditure	69,874	283,188	136,468	(2,458)	487,072

6. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

(ii) As at and for the year ended 31 December 2011:

The segment results for the year ended 31 December 2011 are as follows:

	Engineering design and consultancy RMB'000	Engineering and construction contracting RMB'000	Equipment manufacturing RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Segment revenue and results					
Segment revenue	1,595,172	9,863,055	1,002,385	(266,167)	12,194,445
Inter-segment revenue	(145,346)	(17,274)	(103,547)	266,167	–
Revenue	1,449,826	9,845,781	898,838	–	12,194,445
Segment result	308,920	712,163	161,222	(11,288)	1,171,017
Finance income	11,913	28,433	2,984	–	43,330
Finance expenses	(32,031)	(74,891)	(10,765)	1,829	(115,858)
Share of loss of associates	–	(2,022)	–	–	(2,022)
Profit before taxation	288,802	663,683	153,441	(9,459)	1,096,467
Income tax expense					(250,741)
Profit for the year					845,726
Other segment items					
Amortisation	25,142	28,708	3,827	–	57,677
Depreciation	35,689	58,652	20,589	–	114,930
Provision for					
– foreseeable losses on construction contracts	–	6,005	–	–	6,005
– inventories	–	–	–	–	–
– impairment on trade and other receivables	8,410	(2,260)	4,481	–	10,631

6. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

(ii) As at and for the year ended 31 December 2011 (continued):

The segment assets and liabilities as at 31 December 2011 and capital expenditure for the year then ended are as follows:

	Engineering design and consultancy RMB'000	Engineering and construction contracting RMB'000	Equipment manufacturing RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Assets					
Segment assets	3,345,002	12,083,701	1,385,171	(3,013,109)	13,800,765
Unallocated assets					
– Deferred income tax assets					330,282
– Current income tax repayments					3,553
Total assets					14,134,600
Liabilities					
Segment liabilities	1,717,057	9,303,521	1,025,198	(1,048,433)	10,997,343
Unallocated liabilities					
– Deferred income tax liabilities					40,970
– Current income tax liabilities					132,340
Total liabilities					11,170,653
Capital expenditure	101,286	378,251	48,492	–	528,029

(iii) Analysis of information by geographical regions

Revenue

	Year ended 31 December	
	2012 RMB'000	2011 RMB'000
The PRC	**14,068,687**	10,409,877
Other countries	**2,397,285**	1,784,568
	16,465,972	12,194,445

6. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

(iii) Analysis of information by geographical regions (continued)

Non-current assets, other than financial instruments and deferred tax assets

	At 31 December	
	2012	2011
	RMB'000	RMB'000
The PRC	**4,074,663**	3,126,956
Other countries	**12,082**	12,574
	4,086,745	3,139,530

Total assets

	At 31 December	
	2012	2011
	RMB'000	RMB'000
The PRC	**19,792,784**	13,788,191
Other countries	**12,082**	12,574
Unallocated assets	**328,471**	333,835
	20,133,337	14,134,600

Note: Total assets are allocated based on the location of the assets.

Capital expenditures

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
The PRC	**486,476**	526,919
Other countries	**596**	1,110
	487,072	528,029

(iv) Revenue of approximately RMB2,486 million and RMB2,457 million were derived from one single largest related party and one third party customer for the year ended 31 December 2012 and 2011, respectively. These revenues are attributable to the engineering and construction contracting segment.

7. EXPENSES BY NATURE

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Raw materials and consumables used	**4,538,159**	3,545,636
Purchased equipment	**1,938,002**	2,181,562
Subcontracting charges	**5,638,463**	2,611,280
Employee benefits	**1,209,208**	1,174,157
Depreciation and amortisation		
– property, plant and equipment	**120,600**	113,473
– investment properties	**1,183**	1,457
– land use rights	**19,415**	17,885
– intangible assets	**39,507**	39,792
Fuel and heating expenditure	**22,661**	20,451
Business tax and other transaction taxes	**378,412**	328,565
Travelling expenses	**150,925**	125,761
Office expenses	**28,657**	23,914
Transportation costs	**30,382**	43,325
Operating lease rentals	**39,710**	39,659
Provision for impairment of assets		
– trade and notes receivables	**28,912**	37,111
– prepayments and other receivables	**8,594**	944
– foreseeable losses on construction contracts	**230**	6,005
Reversal of provision for impairment of assets		
– trade and notes receivables	**(4,490)**	(3,438)
– prepayments and other receivables	**(1,642)**	(23,986)
– foreseeable losses of construction contracts	**(5,772)**	–
Research and development costs	**163,760**	121,603
Repairs and maintenance	**17,602**	27,272
Advertising expenditure	**1,256**	198
Insurance expenditure	**2,665**	2,712
Professional and technical consulting fees	**121,750**	45,964
Auditors' remuneration	**9,562**	4,444
Outsourcing charges	**26,050**	53,762
Bank charges	**14,720**	9,105
Business development and entertainment	**70,913**	84,946
Property management fees	**14,225**	11,872
Others	**436,125**	429,956
Total cost of sales, selling and marketing expenses and administrative expenses	**15,059,744**	11,075,387

8. OTHER INCOME

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Dividend income from available-for-sale financial assets	**1,887**	3,821
Interest from short-term investment	**11,240**	12,099
Write-back of long outstanding payables (a)	**–**	29,714
Government grants (b)	**35,328**	5,464
Others	**29,091**	4,839
	77,546	55,937

Note:

(a) Write-back of long outstanding payables mainly related to amounts payable to vendors, which were no longer in existence or the obligation of settlement had been distinguished by court orders.

(b) The Group obtained various grants from different government authorities of the PRC, mainly for the purpose of developing new technologies.

9. OTHER GAINS/(LOSSES) – NET

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Financial assets at fair value through profit or loss (Note 24)	**1,492**	30,559
Net foreign exchange gains/(losses)	**31,163**	(24,954)
Loss on disposal of associates	**–**	(52)
Loss on disposal of property, plant and equipment, intangible assets and land use rights	**(1,666)**	(2,839)
Others	**(2,998)**	(6,692)
	27,991	(3,978)

10. FINANCE EXPENSES – NET

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Interest income on deposits with banks	**47,206**	38,548
Interest income on receivables with interest (Note 22 and Note 23)	**47,415**	–
Interest income on loans to related parties (Note 42(a))	**1**	4,782
Interest expense on bank and other borrowings wholly repayable within five years	**(110,928)**	(55,416)
Interest expense of retirement and other supplemental benefit obligations (Note 33)	**(52,468)**	(60,442)
Net finance expenses recognised in the statement of comprehensive income	**(68,774)**	(72,528)

11. INCOME TAX EXPENSE

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Current tax		
PRC enterprise income tax for the year (i)	**296,369**	249,349
Deferred tax		
Origination and reversal of temporary differences (Note 36)	**(3,823)**	1,392
Income tax expense	**292,546**	250,741

Note:

(i) PRC enterprise income tax

On 16 March 2007, the National People's Congress issued the "Corporate Income Tax Law of the PRC" which became effective from 1 January 2008; the applicable income tax rate was adjusted to 25% from 33%.

Certain subsidiaries of the Company located in special regions of the PRC were granted tax concessions including preferential tax rates of 15%.

Some other subsidiaries of the Company obtained the certificates of high and new tech enterprises from the Ministry of Science and Technology, Ministry of Finance and offices of the State Administration of Taxation and local tax bureaus of some provinces, which granted preferential tax rate of 15% for three years.

Except the above subsidiaries taxed at preferential tax rate of 15%, the remaining subsidiaries are subjected to income tax rate of 25% for the year ended 31 December 2012.

11. INCOME TAX EXPENSE (Continued)

The difference between the actual income tax charge in the consolidated statements of comprehensive income and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Profit before taxation	**1,440,733**	1,096,467
Taxation calculated at the statutory tax rate	**360,183**	274,117
Income tax effects of:		
Preferential income tax treatments of certain companies	**(75,873)**	(36,521)
Non-deductible expenses	**18,254**	21,268
Income not subject to tax	**(2,154)**	(3,418)
Tax refund (i)	**–**	(4,183)
Others	**(7,864)**	(522)
Income tax expense	**292,546**	250,741
Effective income tax rate (ii)	**20%**	23%

Notes:

(i) Income tax refunds represented refund of PRC enterprise income tax after the approval of preferential tax rates from the relevant tax authorities after the respective balance sheet dates.

(ii) The decrease of effective income tax rate was primarily attributable to the increase of the profitability of subsidiaries which were granted preferential tax rate comparing with the total profitability of the Group.

12. EARNINGS PER SHARE

(a) Basic

The basic earnings per share for each of the years ended 31 December 2012 and 2011 is calculated based on the profit attributable to the equity holders of the Company and on the assumption that 2,300,000,000 shares issued upon the transformation of the Company from a limited liability company to a joint stock company with limited liability had been in issue since 1 January 2011.

On 6 July 2012, the Company newly issued 363,160,000 ordinary shares at HK $3.93 per share as the result of the Listing.

	Year ended 31 December	
	2012	2011
Profit attributable to equity owners of the Company (RMB'000)	**1,106,768**	808,352
Weighted average number of ordinary shares in issue	**2,476,618,798**	2,300,000,000
Basic earnings per shares (RMB)	**0.45**	0.35

(b) Diluted

As the Company had no dilutive ordinary shares for each of the years ended 31 December 2012 and 2011, dilutive earnings per share for the years ended 31 December 2012 and 2011 are the same as basic earnings per share.

13. DIVIDENDS

Dividends represented dividends declared by the Company during each of the years ended 31 December 2012 and 2011.

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Dividends attributable to the then equity owners (Note 31 (iv))	**–**	326,457
Proposed of RMB0.20 per ordinary share (2011: nil)	**532,632**	–
	532,632	326,457

Pursuant to the board meeting on 14 March 2013, the Directors recommended the payment of a final dividend of RMB0.20 per ordinary share, totalling approximately RMB532,632,000. Such dividend is to be approved by the shareholders at the Annual General Meeting to be held on 8 May 2013. This recommended dividends has not been reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2013.

14. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Details of directors' and supervisors' emoluments are as follows:

	Year ended 31 December	
	2012 **RMB'000**	2011 RMB'000
Directors and supervisors		
– Salaries, housing allowances, other allowances and benefits-in-kind	**1,373**	852
– Contributions to pension plans	**132**	111
– Discretionary bonuses	**2,541**	1,574
	4,046	2,537

The emoluments received by individual directors and supervisors are as follows:

For the year ended 31 December 2012

	Salaries, housing allowances, other allowances and benefits-in-kind RMB'000	Contributions to pension plans RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Directors				
– Mr. Zhang Chengzhong (張程忠) ((i)/(iv))	–	–	–	–
– Mr. He Zhihui (賀志輝)	249	33	799	1,081
– Mr. Wu Yuewu (吳躍武)	249	33	495	777
– Mr. Zhang Zhankui (張占魁) ((i)/(iv))	–	–	–	–
– Mr. Wang Jun (王軍) (i)	197	33	448	678
– Ms. Ma Xiaoling (馬曉玲) ((i)/(iv))	–	–	–	–
– Mr. Zhang Hongguang (張鴻光) (iii)	143	–	–	143
– Mr. Cai Jianxiang (蔣建湘) (iii)	143	–	–	143
– Mr. Sun Chuanrao (孫傳堯) (iii)	143	–	–	143
Supervisors				
– Mr. Long Chaosheng (龍朝生) (i)	249	33	799	1,081
– Mr. Ou Xiaowu (歐小武) (iv)	–	–	–	–
– Mr. Dong Hai (董海) (iv)	–	–	–	–
	1,373	132	2,541	4,046

14. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

(a) Details of directors' and supervisors' emoluments are as follows (continued):

For the year ended 31 December 2011

	Salaries, housing allowances, other allowances and benefits-in-kind RMB'000	Contributions to pension plans RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Directors				
– Mr. Zhang Chengzhong (張程忠) ((i)/(iv))	–	–	–	–
– Mr. Long Chaosheng (龍朝生)(ii)	123	15	254	392
– Mr. He Zhihui (賀志輝)	246	30	508	784
– Mr. Wu Yuewu (吳躍武)	251	36	376	663
– Mr. Zhang Zhankui (張占魁) ((i)/(iv))	–	–	–	–
– Mr. Wang Jun (王軍) (i)	97	15	182	294
– Ms. Ma Xiaoling (馬曉玲) ((i)/(iv))	–	–	–	–
– Mr. Zhang Hongguang (張鴻光) (iii)	4	–	–	4
– Mr. Cai Jianxiang (蔣建湘) (iii)	4	–	–	4
– Mr. Sun Chuanrao (孫傳堯) (iii)	4	–	–	4
Supervisors				
– Mr. Long Chaosheng (龍朝生)(i)	123	15	254	392
– Mr. Ou Xiaowu (歐小武) (iv)	–	–	–	–
– Mr. Dong Hai (董海) (iv)	–	–	–	–
– Ms. Ma Xiaoling (馬曉玲) ((ii)/(iv))	–	–	–	–
	852	111	1,574	2,537

Notes:

(i) Appointed on 30 June 2011.

(ii) Resigned on 30 June 2011.

(iii) Appointed on 22 December 2011.

(iv) These directors and supervisors receive no emoluments for their services provided to the Group but they however receive emoluments from Chinalco for their services as directors and/or supervisors of Chinalco and a number of subsidiaries of Chinalco. These supervisors consider the amount of emoluments relating to their services provided to the Group for each of the years ended 31 December 2012 and 2011 is minimal.

(v) Bonus paid to the Directors and Supervisors for the year ended 31 December 2012 related to the bonus for the three years' assessment of performance for the years ended 31 December 2010 to 2012.

During the years ended 31 December 2012 and 2011, no emoluments were paid by the Group to the directors/supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

(b) Five highest paid individuals

The number of director and supervisor and non-director/supervisor included in the five highest paid individuals for the years ended 31 December 2012 and 2011 are set forth below:

	Year ended 31 December	
	2012	2011
Director or supervisor	**3**	3
Non-director or supervisor	**2**	2
	5	5

The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	Year ended 31 December	
	2012 **RMB'000**	2011 RMB'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**445**	384
Contributions to pension plans	**65**	59
Discretionary bonuses	**946**	635
	1,456	1,078

The emoluments of the five highest paid individuals who are not director or supervisor are within the following bands:

	Year ended 31 December	
	2012	2011
Nil to HK$1,000,000	**2**	2

15. EMPLOYMENT BENEFITS

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Salaries, wages and bonuses	**840,380**	821,251
Retirement benefits (a)	**129,125**	111,345
Early retirement and supplemental pension benefit (Note 33)		
– interest cost	**52,468**	60,442
– actuarial gains	**(44,926)**	(58,291)
– past service cost	**37,362**	65,685
– current service cost	**1,070**	–
Housing fund (b)	**78,036**	71,758
Welfare, medical and other expenses	**168,161**	162,409
	1,261,676	1,234,599

Notes:

(a) Retirement benefits

The Group is required to make specific contributions to the state-managed retirement plan at a rate of 20% to 22% of the salaries of the PRC employees for the years ended 31 December 2012 and 2011. The PRC government is responsible for the pension liability to the retired employees. The PRC employees of the Group are entitled to a monthly pension upon their retirements.

In addition, the Group has committed to implement a supplemental defined contribution retirement scheme. Under this scheme, the employees of the Group make a specified contribution based on their service duration. The Group is required to make a contribution equal to 2 to 3 times of the staff's. In addition, the Group may at their discretion, provide additional contributions to the retirement fund depending on the operating results of the year. The employees will receive the total contributions and any returns thereon, upon their retirements.

(b) Housing fund

In accordance with the PRC housing reform regulations, the Group is required to make contributions to the state-managed housing fund at rates 10% to 20% of the specified salaries of the PRC employees. At the same time, the employees are required to make a contribution based on certain percentages. The employees are entitled to claim the entire sum of the fund under certain specified withdrawal circumstances. The Group has no further obligations for housing benefits beyond the contributions made above.

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings and other facilities RMB'000	Plant and machinery RMB'000	Transportation equipment RMB'000	Furniture, office and other equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
Year ended 31 December 2011						
Opening net book amount	748,244	259,324	74,807	109,666	25,165	1,217,206
Transfers	70,440	2,384	–	16,949	(89,773)	–
Additions	26,766	72,109	29,397	53,409	114,264	295,945
Event-driven revaluation ((i) and Note 31(ii))	75,210	21,208	(2,605)	5,069	–	98,882
Attributable to acquisition of subsidiaries	–	1,302	54	106	–	1,462
Depreciation	(38,571)	(37,896)	(17,354)	(19,652)	–	(113,473)
Transfer to Chinalco Group upon completion of the Reorganisation (Note 1.2 (c))	(58,875)	(78)	–	(37,049)	–	(96,002)
Disposals/write-off	(17,813)	(32,104)	(14,162)	(10,612)	–	(74,691)
Closing net book amount	805,401	286,249	70,137	117,886	49,656	1,329,329
At 31 December 2011						
Cost	1,007,013	554,919	152,870	193,885	49,656	1,958,343
Accumulated depreciation	(201,380)	(267,985)	(82,733)	(75,999)	–	(628,097)
Impairment	(232)	(685)	–	–	–	(917)
Net book amount	805,401	286,249	70,137	117,886	49,656	1,329,329
Year ended 31 December 2012						
Opening net book amount	**805,401**	**286,249**	**70,137**	**117,886**	**49,656**	**1,329,329**
Transfers	**17,550**	**3,150**	**–**	**9,594**	**(30,294)**	**–**
Additions	**155,538**	**52,463**	**18,293**	**25,400**	**121,391**	**373,085**
Depreciation	**(33,410)**	**(43,007)**	**(18,242)**	**(25,941)**	**–**	**(120,600)**
Disposals/write-off	**(277)**	**(3,197)**	**(1,059)**	**(270)**	**–**	**(4,803)**
Closing net book amount	**944,802**	**295,658**	**69,129**	**126,669**	**140,753**	**1,577,011**
At 31 December 2012						
Cost	**1,178,994**	**598,516**	**161,043**	**197,217**	**140,753**	**2,276,523**
Accumulated depreciation	**(233,960)**	**(302,173)**	**(91,914)**	**(70,548)**	**–**	**(698,595)**
Impairment	**(232)**	**(685)**	**–**	**–**	**–**	**(917)**
Net book amount	**944,802**	**295,658**	**69,129**	**126,669**	**140,753**	**1,577,011**

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group (continued)

Note:

(i) As described in Note 1.2(a) and Note 31 (ii), as part of the Reorganisation, certain subsidiaries of the Company were transformed from state-owned enterprises into company with limited liability. In accordance with relevant accounting principles and regulations applicable to PRC enterprises, the assets and liabilities held by these subsidiaries should be re-measured at fair value, being revalued by independent qualified valuer, Beijing Zhongfeng Assets Evaluation Co,. Ltd. (北京中鋒資產評估有限責任公司) and approved by relevant government authorities, upon the transformation completed on 31 March 2011. Considering the revaluation took place at periods during the Group's first set of IFRS financial statements, the Group elected to use the fair value of aforementioned assets and liabilities as deemed costs of the assets and liabilities of these subsidiaries as allowed under IFRS. The revaluation surplus, being the excess of fair value over carrying value, net of the deferred tax liability resulted, is recognised in the consolidated balance sheet as "capital reserve".

Depreciation expense recognised is analysed as follows:

	Year ended 31 December	
	2012 **RMB'000**	2011 RMB'000
Cost of sales	**83,838**	69,067
Selling and marketing expenses	**36,072**	5,323
Administrative expenses	**690**	39,083
	120,600	113,473

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Buildings and other facilities RMB'000	Plant and machinery RMB'000	Transportation equipment RMB'000	Furniture, office and other equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
Year ended 31 December 2011						
Opening net book amount	76,809	2,622	13,879	15,520	1,829	110,659
Additions	2,932	584	9,987	7,772	–	21,275
Depreciation	(8,498)	(678)	(3,319)	(5,288)	–	(17,783)
Disposals	–	(78)	(7,107)	(1,363)	–	(8,548)
Closing net book amount	71,243	2,450	13,440	16,641	1,829	105,603
At 31 December 2011						
Cost	129,348	4,562	25,184	32,572	1,829	193,495
Accumulated depreciation	(58,105)	(2,112)	(11,744)	(15,931)	–	(87,892)
Net book amount	71,243	2,450	13,440	16,641	1,829	105,603
Year ended 31 December 2012						
Opening net book amount	**71,243**	**2,450**	**13,440**	**16,641**	**1,829**	**105,603**
Transfer	**1,405**	**–**	**–**	**–**	**(1,405)**	**–**
Additions	**–**	**4,599**	**1,355**	**5,089**	**–**	**11,043**
Depreciation	**(4,295)**	**(44)**	**(3,467)**	**(7,137)**	**–**	**(14,943)**
Disposals	**(1,125)**	**–**	**(16)**	**(211)**	**(424)**	**(1,776)**
Closing net book amount	**67,228**	**7,005**	**11,312**	**14,382**	**–**	**99,927**
At 31 December 2012						
Cost	**129,630**	**9,417**	**26,226**	**47,457**	**–**	**212,730**
Accumulated depreciation	**(62,402)**	**(2,412)**	**(14,914)**	**(33,075)**	**–**	**(112,803)**
Net book amount	**67,228**	**7,005**	**11,312**	**14,382**	**–**	**99,927**

17. LAND USE RIGHTS

Group

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Beginning of the year	**713,515**	451,617
Additions (ii)	**103,930**	178,860
Event-driven revaluation (Notes 16(i) and 31(ii))	**–**	209,008
Amortisation	**(19,415)**	(17,885)
Transfer to Chinalco Group upon completion of the Reorganisation (Note 1.2(c))	**–**	(90,478)
Disposals	**–**	(17,607)
End of the year	**798,030**	713,515

(i) Land use rights represent prepayments made by the Group for the land use rights located in the PRC, which are held on leases between 10 years to 50 years.

(ii) The additions of land use rights for the year ended 31 December 2011 amounting to RMB179 million mainly represented the payment to the local land bureaus for the transfer of the title of the land use rights and the additions for the year ended 31 December 2012 amounting to RMB104 million mainly resulted from purchase of the land use rights.

Amortisation of land use rights has been included in administrative expenses in the consolidated statement of comprehensive income as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Administrative expenses	**19,415**	17,885

Company

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Beginning of the year	**192,699**	198,833
Amortisation	**(6,134)**	(6,134)
End of the year	**186,565**	192,699

Land use rights represent prepayments made by the Company for the land use rights located in the PRC, which is held on leases for 35 years.

18. INVESTMENT PROPERTIES

Group

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Beginning of the year	**31,190**	60,334
Additions	**–**	938
Depreciation	**(1,183)**	(1,457)
Transfer to Chinalco Group upon completion of the Reorganisation (Note 1.2(c))	**–**	(25,794)
Event-driven revaluation (Notes 16(i) and 31(ii))	**–**	(2,831)
End of the year	**30,007**	31,190
Fair value at end of the year	**85,282**	84,481

Cost method has been adopted as a measurement of investment properties.

An independent professionally qualified valuer Jones Lang LaSalle Corporate Appraisal and Advisory Limited, has conducted the fair valuation of investment properties at the end of each of the financial year.

All of the Group's investment properties are located in the PRC and have lease periods of between 10 to 40 years.

The following amounts have been recognised in the consolidated statements of comprehensive income:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Rental income	**4,706**	5,969
Depreciation recorded as rental costs	**1,183**	1,457

19. INTANGIBLE ASSETS

Group

	Goodwill RMB'000 (Note 41)	Patent RMB'000	Computer software RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2011					
Opening net book amount	–	4,976	16,996	1,417	23,389
Additions	–	25,696	17,761	8,829	52,286
Acquisition of a subsidiary (Note 41)	2,586	–	–	–	2,586
Event-driven revaluation (Notes 16(i) and 31(ii))	–	211,710	–	–	211,710
Amortisation	–	(30,983)	(8,707)	(102)	(39,792)
Closing net book amount	2,586	211,399	26,050	10,144	250,179
At 31 December 2011					
Cost	2,586	258,360	61,644	10,385	332,975
Accumulated amortisation	–	(46,961)	(35,594)	(241)	(82,796)
Net book amount	2,586	211,399	26,050	10,144	250,179
Year ended 31 December 2012					
Opening net book amount	**2,586**	**211,399**	**26,050**	**10,144**	**250,179**
Additions	**–**	**104**	**9,953**	**–**	**10,057**
Amortisation	**–**	**(28,734)**	**(10,758)**	**(15)**	**(39,507)**
Closing net book amount	**2,586**	**182,769**	**25,245**	**10,129**	**220,729**
At 31 December 2012					
Cost	**2,586**	**258,466**	**73,649**	**10,386**	**345,087**
Accumulated amortisation	**–**	**(75,697)**	**(48,404)**	**(257)**	**(124,358)**
Net book amount	**2,586**	**182,769**	**25,245**	**10,129**	**220,729**

Amortisation expense recognised in the consolidated statements of comprehensive income is analysed as follows:

	Year ended 31 December 2012 RMB'000	Year ended 31 December 2011 RMB'000
Administrative expenses	**39,507**	39,792

19. INTANGIBLE ASSETS (Continued)

Company

	Computer software RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2011			
Opening net book amount	7,214	1,310	8,524
Additions	9,391	–	9,391
Amortisation	(3,042)	–	(3,042)
Closing net book amount	13,563	1,310	14,873
At 31 December 2011			
Cost	22,430	1,310	23,740
Accumulated amortisation	(8,867)	–	(8,867)
Net book amount	13,563	1,310	14,873
Year ended 31 December 2012			
Opening net book amount	**13,563**	**1,310**	**14,873**
Additions	**4,976**	**–**	**4,976**
Amortisation	**(4,246)**	**–**	**(4,246)**
Closing net book amount	**14,293**	**1,310**	**15,603**
At 31 December 2012			
Cost	**27,225**	**1,310**	**28,535**
Accumulated amortisation	**(12,932)**	**–**	**(12,932)**
Net book amount	**14,293**	**1,310**	**15,603**

20. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

(a) Investments in subsidiaries

Company

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Unlisted investments, at cost (ii)	**2,229,727**	1,884,414

(i) Particulars of the Company's principal subsidiaries are set out in Note 43.

(ii) The increase in the year ended 31 December 2012 is mainly due to further capital injection in certain subsidiaries amounting to RMB314.25 million, as well as some newly set up subsidiaries with capital injection amounting to RMB31.06 million.

(b) Investment in associates

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Beginning of the year	**50,018**	52,721
Share of loss	**(2,258)**	(2,022)
Disposals	**–**	(681)
At end of the year	**47,760**	50,018

20. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (Continued)

(b) Investment in associates (continued)

The Group's share of the results of its associates, all of which are unlisted, and its share of the aggregated assets and liabilities are as follows:

Name	Place and date of incorporation/ establishment	Registered and fully paid capital	Effective interest held Directly held	Effective interest held Indirectly held	Principal activities and place of operations	Statutory auditors
Shenzhen Hengtong Development Co., Ltd. (深圳恒通實業發展有限公司)	The PRC 26 October 1982	115,737	–	46%	Consulting The PRC	(i)
Shanxi Jinlv Information Technology Co., Ltd. (山西晉鋁資訊技術有限公司) (iii)	The PRC 14 June 2002	2,000	–	30%	Engineering and research The PRC	(ii)

Notes:

(i) Zhonglian Certified Public Accountants Co., Ltd Shenzhen Office (中聯會計師事務所有限公司深圳分所).

(ii) Shanxi Jinming Certified Public Accountants Co., Ltd (山西晉明會計師事務所有限公司).

(iii) Tianjin Jinlv Construction Corporation Co., Ltd (天津晉鋁建設有限公司) disposed of respectively 70% and 30% of the total equity interest of Shanxi Jinlv Information Technology Co., Ltd in October 2010 and January 2011 respectively.

The Group's share of the results of its associates, its aggregated assets and liabilities, are as follows:

	At 31 December	
	2012 RMB'000	2011 RMB'000
Assets	**57,700**	60,691
Liabilities	**(9,940)**	(10,673)
Equity	**47,760**	50,018

	Year ended 31 December	
	2012 RMB'000	2011 RMB'000
Revenue	**6,773**	6,503
Loss for the year	**2,258**	2,022

There are no material contingent liabilities and commitments relating to the Group's interests in the associates and no material contingent liabilities and commitments of the associates themselves.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Beginning of the year	**361,349**	486,958
Additions of short-term investment	**1,480,000**	2,473,241
Acquisition of equity securities	**–**	9,973
Transfer to Chinalco Group upon completion of the Reorganisation (Note 1.2(c))	**–**	(45,890)
Settlement on expiration of short-term investment	**(1,609,364)**	(2,342,877)
Net fair value losses transferred to equity	**(39,656)**	(220,056)
End of the year	**192,329**	361,349
Less: Current portion	**(1,000)**	(130,364)
Long-term portion of available-for-sale financial assets	**191,329**	230,985

Available-for-sale financial assets include the following:

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Listed securities –		
Equity securities – PRC	**181,145**	220,801
Unlisted securities –		
Equity securities – PRC	**10,184**	10,184
Short-term investments (i)	**1,000**	130,364
	192,329	361,349
Market value of listed securities	**181,145**	220,801

(i) The short-term investments were all commercial bank products, which are designated in investing in low risk financial products such as state bonds, time deposits, etc. All of the short-term investments have an annual investment return of 2.15%-5.5% and 3.9%-7.1% for the year ended 31 December 2012 and 2011, respectively. As at 31 December 2012, the short-term investments held by the Company have no fixed maturity date, which can be sold anytime.

As at 31 December 2012 and 2011, the available-for-sale financial assets in listed securities are the 11.79% of the equity interest in Zhuzhou Tianqiao Crane Co., Ltd. (株洲天橋起重機股份有限公司) and the 0.03% of the equity interest in Aluminum Corporation of China Limited.

All available-for-sale financial assets are denominated in RMB.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

Company

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Beginning of the year	**283,647**	399,084
Acquisition	**1,480,000**	89,294
Disposals	**(1,568,294)**	–
Net fair value losses transferred to equity	**(34,342)**	(204,731)
End of the year	**161,011**	283,647
Less: Current portion	**(1,000)**	(89,294)
Long-term portion of available-for-sale financial assets	**160,011**	194,353

Available-for-sale financial assets include the following:

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Listed securities –		
Equity securities – PRC	**160,011**	194,353
Short-term investments (i)	**1,000**	89,294
	161,011	283,647
Market value of listed securities	**161,011**	194,353

(i) The short-term investments were all commercial bank products, which are designated in investing in low risk financial products such as state bonds, time deposits, etc. All of the short-term investments have an annual investment return of 2.15%-5.5% and 3.9%-7.1% for the year ended 31 December 2012 and 2011, respectively. As at 31 December 2012, the short-term investments held by the Company have no fixed maturity date, which can be sold anytime.

As at 31 December 2012 and 2011, the available-for-sale financial assets in listed securities are the 11.79% of the equity interest in Zhuzhou Tianqiao Crane Co., Ltd. (株洲天橋起重機股份有限公司).

All available-for-sale financial assets are denominated in RMB.

22. TRADE AND NOTES RECEIVABLES

Group

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Trade and notes receivables		
Trade receivables	**6,076,251**	3,817,456
Less: Provision for impairment	**(218,068)**	(194,602)
Trade receivables-net	**5,858,183**	3,622,854
Notes receivable	**556,565**	515,508
Trade and notes receivables – net	**6,414,748**	4,138,362
Less: Non-current portion (i)	**(1,215,820)**	(376,145)
Current trade and notes receivables	**5,198,928**	3,762,217

(i) The non-current portion mainly comprised of the following:

– On 27 January 2011, the Group entered into a build-transfer contract ("Build-Transfer Contract") with Duyun Development Zone Tongda Construction Co., Ltd. (都匀開發區通達建設有限公司, "Duyun Company") to construct a road in Duyun, the PRC (Note 4.1(b) and Note 35(i)). In accordance with the contract terms, the outstanding receivables will be collected over three years upon the completion of the construction. The Group has commenced the construction of the road. As of 31 December 2012 and 2011, the non-current trade receivables amounted to RMB550.53 million and 275.47 million, respectively, representing receivables from the construction of the road, which would be collected from 2014 to 2015 in accordance with the contract. In connection with the Build-Transfer Contract, the Company also provided and received certain financing to and from Duyun Company (see Notes 23(ii) and 35(i)).

– On 15 February 2012, China Nonferrous Metal entered into a settlement plan with China Henan Aluminum Fabrication Co., Ltd (中鋁河南鋁業有限公司) to agree on a repayment schedule. According to the repayment schedule, the outstanding trade receivables balance amounting to RMB24.5 million will be settled with amounts of RMB10 million, RMB10 million and RMB4.5 million to be paid in 2013, 2014 and 2015, respectively. As at 31 December 2012, RMB14.5 million was classified as non-current trade receivables.

– On 30 December 2010, the Company and Yunnan Yun Aluminum Zexin Fabrication Co., Ltd ("雲南雲鋁澤鑫鋁業有限公司", the "Yunnan Yun Aluminum") entered into a construction contract whereby both parties agreed on certain specific repayment terms. 50% of the progress bill will be paid two years subsequent to the date of billing including an interest at the interest rate published by the People's Bank of China, and the maximum amount of the unpaid receivables would not exceed RMB500 million. As of 31 December 2012 and 2011, the non-current trade receivable amounted to RMB429.10 million and RMB52.52 million, respectively, representing receivable from the construction contract, respectively.

22. TRADE AND NOTES RECEIVABLES (Continued)

Group (continued)

(i) The non-current portion mainly comprised of the following: (continued)

– On 12 July 2011, the Company and Qinghai Western Electric Power Co., Ltd ("青海西部水電有限公司", the "Western Electric Power") entered into a contract whereby both parties agreed on some specific repayment terms. 50% of the progress bill of construction and equipment (60% will be applied under special condition) will be paid two years subsequent to the date of billing including an interest at 110% of the interest rate published by the People's Bank of China, and the maximum amount of the unpaid receivable would not exceed RMB700 million. As of 31 December 2012 and 2011, the non-current trade receivables amounted to RMB177.14 million and RMB nil, respectively, which would be collected in 2014.

(ii) The carrying amounts of the trade and notes receivables approximate their fair value.

(iii) As at 31 December 2011, the Group had pledged trade receivables amounting to RMB97.58 million for short-term borrowings amounting to RMB80 million (note 34(ii)).

Company

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Trade and notes receivables		
Trade receivables	**2,632,549**	1,970,150
Less: Provision for impairment	**(14,108)**	(13,456)
Trade receivables-net	**2,618,441**	1,956,694
Notes receivable	**189,590**	189,077
Trade and notes receivables – net	**2,808,031**	2,145,771
Less: Non-current portion	**(606,243)**	(52,518)
Current trade and notes receivables	**2,201,788**	2,093,253

All notes receivable of the Group and the Company are bank's acceptance bills and usually collected within six months from the date of issue.

22. TRADE AND NOTES RECEIVABLES (Continued)

Ageing analysis of trade receivables is as follows:

Group

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Within 1 year	**4,303,957**	3,121,689
Between 1 and 2 years	**1,362,903**	246,198
Between 2 and 3 years	**124,342**	270,982
Between 3 and 4 years	**136,682**	57,540
Between 4 and 5 years	**50,285**	29,322
Over 5 years	**98,082**	91,725
Trade receivables – gross	**6,076,251**	3,817,456
Less: Provision for impairment	**(218,068)**	(194,602)
Trade receivables – net	**5,858,183**	3,622,854

Company

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Within 1 year	**1,473,406**	1,746,006
Between 1 and 2 years	**1,027,575**	32,164
Between 2 and 3 years	**13,511**	154,195
Between 3 and 4 years	**99,494**	37,779
Between 4 and 5 years	**18,563**	6
Trade receivables – gross	**2,632,549**	1,970,150
Less: Provision for impairment	**(14,108)**	(13,456)
Trade receivables – net	**2,618,441**	1,956,694

The contracts governing provision of the Group's service would not include specific credit terms. For the settlement of trade receivables from provision of services, the Group usually reaches an agreement on the term of each payment with the customer by taking into account of factors such as, among other things, the credit history of the customer, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgment and experience of the management. Trade receivables from sales of goods are with credit terms of 30 to 90 days in accordance with sales contracts. The Group and the Company do not hold any collateral as security.

22. TRADE AND NOTES RECEIVABLES (Continued)

The trade receivables, that were past due but not impaired relate to a number of independent customers with no recent history of default. The ageing analysis of these trade receivables is as follows:

Group

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Within 1 year	**4,172,916**	3,116,218
Between 1 and 2 years	**1,135,368**	119,151
Between 2 and 3 years	**41,437**	187,905
Between 3 and 4 years	**75,914**	12,319
Between 4 and 5 years	**12,949**	6,862
Over 5 years	**7,563**	57
Total	**5,446,147**	3,442,512

Company

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Within 1 year	**1,473,406**	1,746,006
Between 1 and 2 years	**1,016,664**	31,564
Between 2 and 3 years	**13,511**	139,839
Between 3 and 4 years	**85,670**	37,779
Between 4 and 5 years	**18,563**	6
Total	**2,607,814**	1,955,194

22. TRADE AND NOTES RECEIVABLES (Continued)

Trade receivables wholly or partially impaired are as follows:

Group

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Trade receivables	**630,104**	374,944
Provision for impairment	**(218,068)**	(194,602)
Trade receivables – net	**412,036**	180,342

Company

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Trade receivables	**24,735**	14,956
Provision for impairment	**(14,108)**	(13,456)
Trade receivables – net	**10,627**	1,500

22. TRADE AND NOTES RECEIVABLES (Continued)

The ageing analysis of these impaired trade receivables are as follows:

Group

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Within 1 year	**131,041**	5,471
Between 1 and 2 years	**227,535**	127,047
Between 2 and 3 years	**82,905**	83,077
Between 3 and 4 years	**60,768**	45,221
Between 4 and 5 years	**37,336**	22,460
Over 5 years	**90,519**	91,668
Total	**630,104**	374,944

Company

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Between 1 and 2 years	**10,911**	600
Between 2 and 3 years	**–**	14,356
Between 3 and 4 years	**13,824**	–
	24,735	14,956

22. TRADE AND NOTES RECEIVABLES (Continued)

Group

The movements of provision for impairment of trade receivables are as follow:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
At the beginning of the year	**194,602**	167,318
Provisions	**28,912**	37,111
Receivables written off as uncollectible	**(956)**	(6,389)
Reversal	**(4,490)**	(3,438)
At the end of the year	**218,068**	194,602

Company

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
At the beginning of the year	**13,456**	15,144
Provisions	**754**	69
Reversal	**(102)**	(1,757)
At the end of the year	**14,108**	13,456

22. TRADE AND NOTES RECEIVABLES (Continued)

The carrying amounts of the Group and the Company's trade and notes receivables are denominated in the following currencies:

Group

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
RMB	**5,871,252**	4,022,124
US dollar	**715,276**	236,194
Others	**46,288**	74,646
	6,632,816	4,332,964

Company

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
RMB	**2,068,726**	1,848,387
US dollar	**707,125**	236,194
Others	**46,288**	74,646
	2,822,139	2,159,227

23. PREPAYMENTS AND OTHER RECEIVABLES

Group

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Prepayments		
Prepayments to suppliers	**810,740**	712,853
Prepayments to property developer (i)	**167,394**	250,434
Other receivables		
Financing provided to Duyun Company (ii)	**289,249**	157,000
Interest receivable	**2,816**	2,283
Amounts due from related parties (iii)	**72,876**	32,507
Retention fund	**76,124**	32,472
Prepayment for front-end engineering	**–**	154
Receivables of export tax refund	**14,649**	18,159
Staff advance	**70,084**	64,435
Bid security	**152,062**	106,382
Deposit	**12,557**	13,304
Payment on behalf of third parties	**66,099**	33,022
Deductible value-added tax	**52,969**	16,262
Others	**80,328**	85,399
	889,813	561,379
Total prepayments and other receivables	**1,867,947**	1,524,666
Less: Provision for impairment	**(72,332)**	(65,480)
Prepayments and other receivables – net	**1,795,615**	1,459,186
Less: Non-current portion (iv)	**(192,543)**	(432,747)
Current portion	**1,603,072**	1,026,439

(i) On 20 June 2011, Twelfth Construction entered into a sales and purchase contract with Taiyuan China Nonferrous Metal Industry and 12th Metallurgical Real Estate Development Co., Ltd. (太原中色十二冶房地產開發有限公司), a related party, to acquire certain units within an office building to be used for business operations and prepaid an amount of RMB150 million (Note 38 (a)(i) and Note 42(a)). As of 31 December 2012, the prepayment had been utilised as the consideration of the office building. On 22 September 2011, Changsha Institute entered into a sales and purchase contract with Hunan Runhe Real Estate Development Co., Ltd. (湖南潤和房地產開發有限公司) to acquire an office building to be used for business operations and prepaid an amount of RMB100.434 million as at 31 December 2011, and further prepaid RMB66.96 million in the year ended 31 December 2012.

23. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Group (continued)

(ii) In connection with the Build-Transfer Contract (Note 22(i)), the Group is required to provide financing to Duyun Company. As at 31 December 2012 and 2011, RMB266.7 million and RMB157 million have been provided, respectively. This receivable is secured by a guarantee granted by Qian Nan Bu Yi Miao Zu Zi Zhi Zhou local government ("黔南布依族苗族自治州政府"), repayable in full upon completion of the road and bear interest at bank lending rate plus 2% per annum (see also Notes 22(i) and 35(i)).

(iii) The amounts due from related parties are unsecured, interest free and repayable on demand.

(iv) Other than the prepayments to property developers, the remaining non-current prepayments and other receivables mainly relate to quality assurance deposit and are due within five years from the end of the reporting period.

The carrying amounts of the current prepayments and other receivables approximate their fair value.

Company

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Prepayments		
Prepayments to suppliers	**496,419**	470,999
Other receivables		
Interest receivable	**1,611**	1,345
Dividend receivable	**70,880**	220,284
Advance due from related parties	**98,769**	254,908
Payment paid on behalf of third party	**2,983**	708
Receipt of export drawback	**14,211**	17,941
Staff advance	**6,893**	6,422
Deductible value-added tax	**52,903**	–
Bid security	**3,904**	–
Loans to subsidiaries	**93,000**	178,003
Others	**14,062**	24,206
	359,216	703,817
Total prepayments and other receivables	**855,635**	1,174,816
Less: Provision for impairment	**(1,230)**	(932)
Prepayments and other receivables – net	**854,405**	1,173,884

23. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Ageing analysis of other receivables is as follows:

Group

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Within 1 year	**732,983**	439,982
Between 1 and 2 years	**68,078**	27,724
Between 2 and 3 years	**16,085**	13,686
Between 3 and 4 years	**10,476**	19,095
Between 4 and 5 years	**5,325**	6,303
Over 5 years	**56,866**	54,589
Other receivables – gross	**889,813**	561,379
Less: Provision for impairment	**(72,332)**	(65,480)
Other receivables – net	**817,481**	495,899

Company

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Within 1 year	**286,221**	695,831
Between 1 and 2 years	**69,382**	4,880
Between 2 and 3 years	**851**	324
Between 3 and 4 years	**247**	2,749
Between 4 and 5 years	**2,515**	33
Other receivables – gross	**359,216**	703,817
Less: Provision for impairment	**(1,230)**	(932)
Other receivables – net	**357,986**	702,885

The Group and the Company do not hold any collateral as security.

23. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

As at 31 December 2012 and 2011, other receivables that were past due but not impaired relate to a number of independent customers with no recent history of default. The ageing analysis of these other receivables is as follows:

Group

	At 31 December	
	2012 RMB'000	2011 RMB'000
Within 1 year	**712,393**	439,982
Between 1 and 2 years	**16,085**	1,718
Between 2 and 3 years	**1,909**	2,594
Between 3 and 4 years	**1,131**	8,731
Between 4 and 5 years	**1,534**	–
Over 5 years	**2,279**	2,201
	735,331	455,226

Company

	At 31 December	
	2012 RMB'000	2011 RMB'000
Within 1 year	**286,221**	695,831

Other receivables wholly or partially impaired are as follows:

Group

	At 31 December	
	2012 RMB'000	2011 RMB'000
Impaired other receivables-gross	**154,482**	106,153
Provision for impairment	**(72,332)**	(65,480)
Impaired other receivables – net	**82,150**	40,673

Company

	At 31 December	
	2012 RMB'000	2011 RMB'000
Impaired other receivables-gross	**72,995**	7,986
Provision for impairment	**(1,230)**	(932)
Impaired other receivables – net	**71,765**	7,054

23. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

The ageing analysis of these impaired other receivables are as follows:

Group

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Within 1 year	**20,590**	–
Between 1 and 2 years	**51,993**	26,006
Between 2 and 3 years	**14,176**	11,092
Between 3 and 4 years	**9,345**	10,364
Between 4 and 5 years	**3,791**	6,303
Over 5 years	**54,587**	52,388
	154,482	106,153

Company

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Within 1 year	**–**	–
Between 1 and 2 years	**69,382**	4,880
Between 2 and 3 years	**851**	324
Between 3 and 4 years	**247**	2,749
Between 4 and 5 years	**2,515**	33
	72,995	7,986

23. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

The movements of provision for impairment of other receivables are as follow:

Group

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
At the beginning of the year	**65,480**	88,772
Additions	**8,594**	944
Write-off	**(100)**	(250)
Write-back	**(1,642)**	(23,986)
At the end of the year	**72,332**	65,480

Company

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
At the beginning of the year	**932**	826
Additions	**340**	289
Write-off	**(42)**	(183)
At the end of the year	**1,230**	932

24. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Financial assets

Group and company

	At 31 December	
	2012 **RMB'000**	2011 RMB'000
At the beginning of the year	**3,803**	1,493
Additions	**–**	–
Increase in fair value through profit or loss	**3,339**	30,559
Expired	**(6,729)**	(28,249)
At the end of the year	**413**	3,803

These financial assets represent forward foreign exchange contracts bought by the Group and the notional principal amounts of these outstanding forward foreign exchange contracts at 31 December 2012 and 2011 were USD 3,500,000 and USD 18,500,000 respectively.

Changes in fair values of financial assets at fair value through profit or loss are recorded in "other gains – net" in the consolidated statements of comprehensive income (Note 9).

(b) Financial liabilities

Group and company

	At 31 December	
	2012 **RMB'000**	2011 RMB'000
At the beginning of the year	**–**	–
Decrease in fair value through profit or loss	**1,847**	–
Expired	**(348)**	–
At the end of the year	**1,499**	–

These financial liabilities represent the aluminum future contracts bought by the Group and the notional principal amounts of these futures at 31 December 2012 amounted to RMB1,499,355.

Changes in fair values of financial liability at fair value through profit or loss are recorded in "other gains – net" in the consolidated statements of comprehensive income (Note 9).

25. AMOUNTS DUE TO/(FROM) CUSTOMERS FOR CONTRACT WORK

Group

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Contract cost incurred plus recognised profit less recognised losses	**37,558,005**	34,845,440
Less: Progress billings	**(32,992,456)**	(32,979,299)
Contract work-in-progress	**4,565,549**	1,866,141
Representing:		
Amounts due from customers for contract work	**4,778,130**	2,273,286
Less: Provision	**(1,138)**	(18,495)
Net amounts due from customers for contract work	**4,776,992**	2,254,791
Amounts due to customers for contract work	**(211,443)**	(388,650)
	4,565,549	1,866,141

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Contract revenue recognised as revenue in the year	**13,540,306**	9,845,781

25. AMOUNTS DUE TO/(FROM) CUSTOMERS FOR CONTRACT WORK (Continued)

Company

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Contract cost incurred plus recognised profit less recognised losses	**11,973,227**	14,449,660
Less: Progress billings	**(10,490,888)**	(13,937,518)
Contract work-in-progress	**1,482,339**	512,142
Representing:		
Amounts due from customers for contract work	**1,498,158**	716,439
Less: Provision	**(769)**	(17,821)
Net amounts due from customers for contract work	**1,497,389**	698,618
Amounts due to customers for contract work	**(15,050)**	(186,476)
	1,482,339	512,142

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Contract revenue recognised as revenue in the year	**3,952,238**	3,218,925

26. INVENTORIES

Group

	At 31 December 2012 RMB'000	At 31 December 2011 RMB'000
Raw materials	**366,252**	374,520
Work-in-process	**187,690**	236,979
Finished goods	**152,485**	4,774
Turnover materials and spare parts	**6,197**	1,635
	712,624	617,908

The movement of provision for impairment of inventories is as follows:

	At 31 December 2012 RMB'000	At 31 December 2011 RMB'000
At beginning of the year	**14,915**	16,935
Write-off	**–**	(2,020)
At end of the year	**14,915**	14,915

The cost of inventories recognised as expense and included in "cost of sales" amounted to RMB6,476,161,000 and RMB5,727,198,000 for the years ended 31 December 2012 and 2011, respectively.

Company

	At 31 December 2012 RMB'000	At 31 December 2011 RMB'000
Raw materials	**185,825**	132,111
Finished goods	**141,679**	1,626
	327,504	133,737

No provision of inventory impairment has been made as at 31 December 2012 and 2011 by the Company.

27. RESTRICTED CASH

Group

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Restricted cash		
RMB	**275,637**	202,485
USD	**168**	168
	275,805	202,653

Restricted cash mainly represented bank deposits secured for issue of letters of credit and notes payable (Note 35).

The weighted average effective interest rates per annum on restricted cash, with maturities ranging from one to twelve months, was approximately 0.35% and 0.50% as at 31 December 2012 and 2011, respectively.

The maximum exposure to credit risk approximates the carrying amounts of the Group's restricted cash at the respective balance sheet dates.

Company

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Restricted cash		
RMB	**2,788**	298

The restricted cash held in dedicated bank accounts under the name of the Company mainly represented deposits held for issued letters of credit and notes payable (Note 35).

The weighted average effective interest rates per annum on restricted cash, with maturities ranging from one to twelve months, was approximately 0.35% and 0.50% as at 31 December 2012 and 2011, respectively.

The maximum exposure to credit risk approximates the carrying amounts of the Company's restricted cash at the respective balance sheet dates.

28. TIME DEPOSITS

Group

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Time deposits with initial term of over three months		
RMB	**198,305**	227,592

The effective interest rates per annum on time deposits, with maturities ranging from three months to two years, approximately 2.80%-3.55% and 2.85%-3.55% as at 31 December 2012 and 2011, respectively.

The maximum exposure to credit risk approximates the carrying amounts of the Group's time deposits at the respective balance sheet dates.

Company

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Time deposits with initial term of over three months		
RMB	**155,140**	131,993

The effective interest rates per annum on time deposits, with maturities ranging from three months to two years, approximately 2.80%-3.50% and 2.85%-3.25% as at 31 December 2012 and 2011, respectively.

The maximum exposure to credit risk approximates the carrying amounts of the Group's time deposits at the respective balance sheet dates.

29. CASH AND CASH EQUIVALENTS

Group

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Cash at bank and in hand	**2,508,366**	1,771,558
Short-term bank deposits	**251,287**	382,907
	2,759,653	2,154,465

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Denominated in:		
RMB	**2,053,751**	2,062,749
EUR	**419**	22,466
VND	**60,272**	22,294
HKD	**622,284**	52
USD	**22,927**	46,904
	2,759,653	2,154,465

Company

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Cash at bank and in hand	**1,329,940**	607,761
Short-term bank deposits	**116,216**	98,000
	1,446,156	705,761

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Denominated in:		
RMB	**750,793**	651,099
VND	**55,196**	14,482
HKD	**622,284**	52
USD	**17,883**	40,128
	1,446,156	705,761

30. SHARE CAPITAL

On 30 June 2011, the Company was transformed from a limited liability company into a joint stock company with limited liability by converting total equity as at 30 June 2011 into 2,300,000,000 ordinary shares of RMB1.00 each.

On 6 July 2012, the Company newly issued 363,160,000 ordinary shares at HK$3.93 as the result of the Listing.

	At 31 December	
	2012	2011
Number of shares	**2,663,160,000**	2,300,000,000
Share capital (RMB'000)	**2,663,160**	2,300,000

31. RESERVES

Group

	Attributable to equity holders of the Group					
	Capital reserve RMB'000	**Statutory surplus reserve(i)** RMB'000	**Available-for-sale financial assets** RMB'000	**Special reserve(iii)** RMB'000	**Retained earnings** RMB'000	**Total** RMB'000
At 1 January 2011	746,853	170,809	311,219	35,785	1,144,185	2,408,851
Profit for the year	–	–	–	–	808,352	808,352
Fair value losses on available-for-sale financial assets, net of tax	–	–	(166,575)	–	–	(166,575)
Distributions to Chinalco Group by subsidiaries described in Note 1.2(a)	–	–	–	–	(137,211)	(137,211)
Special Dividends (iv (a))	–	–	–	–	(276,403)	(276,403)
Special Dividends (iv (b))	–	–	–	–	(50,054)	(50,054)
Acquisition of non-controlling interests	(1,606)	–	–	–	–	(1,606)
Distributions to Chinalco Group by subsidiaries described in Note 1.2(a)	6,421	–	–	–	–	6,421
Acquisition of subsidiaries under common control	(3,301)	–	–	–	–	(3,301)
Event-driven revaluation ((ii) and Notes 16(i))	405,368	–	–	–	–	405,368
Transfer of Excluded Assets and Liabilities to Chinalco Group (Note 2.3)	(309,423)	–	–	–	–	(309,423)
Appropriation of special reserve	–	–	–	14,181	(14,181)	–
Transform into joint stock company with limited liability (Note 1.2)	(842,932)	(170,809)	–	–	(1,086,259)	(2,100,000)
Appropriation of statutory surplus reserve	–	7,084	–	–	(7,084)	–
At 31 December 2011	1,380	7,084	144,644	49,966	381,345	584,419

31. RESERVES (Continued)

Group (continued)

	Attributable to equity holders of the Group					
	Capital reserve RMB'000	Statutory surplus reserve(i) RMB'000	Available-for-sale financial assets RMB'000	Special reserve(iii) RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2012	1,380	7,084	144,644	49,966	381,345	584,419
Profit for the year	–	–	–	–	1,106,768	1,106,768
Fair value losses on available-for-sale financial assets, net of tax	–	–	(30,274)	–	–	(30,274)
Capital contributions by non-controlling interest of the subsidiaries	65	–	–	–	–	65
Share premium from the Listing (v)	717,657	–	–	–	–	717,657
Appropriation of special reserve	–	–	–	6,651	(6,651)	–
Appropriation of statutory surplus reserve	–	41,607	–	–	(41,607)	–
At 31 December 2012	719,102	48,691	114,370	56,617	1,439,855	2,378,635

31. RESERVES (Continued)

Company

	Attributable to equity holders of the Company					
	Capital reserve RMB'000	**Statutory surplus reserve(i)** RMB'000	**Available-for-sale financial assets** RMB'000	**Special reserve(iii)** RMB'000	**Retained earnings** RMB'000	**Total** RMB'000
At 1 January 2011	–	170,809	279,962	–	1,056,859	1,507,630
Profit for the year	–	–	–	–	405,138	405,138
Fair value losses on available-for-sale financial assets, net of tax	–	–	(153,548)	–	–	(153,548)
Special Dividends (iv (a))	–	–	–	–	(276,403)	(276,403)
Special Dividends (iv (b))	–	–	–	–	(50,054)	(50,054)
Transfer of subsidiaries from Chinalco Group (Note 1.2(a))	853,847	–	–	–	–	853,847
Event-driven revaluation (ii)	74,963	–	–	–	–	74,963
Transform into joint stock company with limited liability (Note 1.2)	(842,932)	(170,809)	–	–	(1,086,259)	(2,100,000)
Transfer of Excluded Assets and Liabilities to Chinalco Group	843	–	–	–	–	843
Appropriation of statutory surplus reserve	–	7,084	–	–	(7,084)	–
At 31 December 2011	86,721	7,084	126,414	–	42,197	262,416

	Attributable to equity holders of the Company					
	Capital reserve RMB'000	**Statutory surplus reserve(i) RMB'000**	**Available-for-sale financial assets RMB'000**	**Special reserve(iii) RMB'000**	**Retained earnings RMB'000**	**Total RMB'000**
At 1 January 2012	**86,721**	**7,084**	**126,414**	**–**	**42,197**	**262,416**
Profit for the year	**–**	**–**	**–**	**–**	**416,067**	**416,067**
Fair value losses on available-for-sale financial assets, net of tax	**–**	**–**	**(25,756)**	**–**	**–**	**(25,756)**
Appropriation of statutory surplus reserve	**–**	**41,607**	**–**	**–**	**(41,607)**	**–**
Share premium from the Listing (v)	**717,657**	**–**	**–**	**–**	**–**	**717,657**
At 31 December 2012	**804,378**	**48,691**	**100,658**	**–**	**416,657**	**1,370,384**

31. RESERVES (Continued)

Company (continued)

Note:

(i) Statutory surplus reserve

In accordance with the relevant laws and regulations of the PRC and the articles of association of the Company, it is required to appropriate 10% of its net profit determined in accordance with China Accounting Standards for Enterprises issued by the Ministry of Finance of PRC, after offsetting any prior years' losses, to the statutory surplus reserve. When the balance of such a reserve reaches 50% of the respective companies registered capital, any further appropriation is optional.

The statutory surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the reserve after such an issue is not less than 25% of registered capital. The statutory surplus reserve is non-distributable.

(ii) Capital reserve

Capital reserve arising from event-driven revaluation mainly represents reserve recognised due to the revaluation surplus arising from the Reorganisation as described in Note 16(i), being the excess of fair value over carrying value net of the deferred tax liabilities resulted as follows.

	Note	At 31 March 2011 RMB'000
Excess of fair value over carrying value		
Property, plant and equipment	16	98,882
Land use rights	17	209,008
Intangible assets	19	211,710
Investment properties	18	(2,831)
Inventories		(14,887)
Subtotal		501,882
Less: Deferred tax liabilities of event-driven evaluation which results in excess of carrying value of assets over their tax base	36	96,514
Event-driven revaluation		405,368

(iii) Special reserve

Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC, the Group is required to set aside an amount to a safety fund for its engineering and construction contracting business. The fund can be used for improvements of safety at the worksite, and is not available for distribution to shareholders. Upon incurring qualifying safety expenditures, an equivalent amount is transferred from safety fund to retained earnings.

31. RESERVES (Continued)

Note (Continued):

(iv) Special dividends

(a) According to the interim regulation about the management of state-owned capital and the accounting treatment during the enterprise corporate restructuring published by Ministry of Finance of PRC on 27 February 2002 (《企業公司制改建有關國有資本管理與財務管理的暫行規定》(財企[2002]313號)) and the notice forwarded by the General Office of the State Council about the suggestion of further regulating the reorganisation of the state-owned enterprise published by State-owned Assets Supervision and Administration Commission of the State Council (《國務院辦公廳轉發國資委關於進一步規範國有企業改制工作實施意見的通知》(國辦發[2005]60號)), an increase of net assets coming from profit should be distributed to its state-owned shareholder or transfer to state-owned equity after the approval of its state-owned shareholder. A special distribution has been approved to distribute the increase of net assets between 31 March 2011 to 30 June 2011 to Chinalco and Luoyang Engineering & Research Institute of Nonferrous Metals Processing (洛陽有色金屬加工設計研究院, "Luoyang Institute").

(b) The shareholders' meeting on 26 July 2011 resolved to distribute the profits of the Company generated during the three-month period from 1 July 2011 to 30 September 2011 to Chinalco and Luoyang Institute.

(v) Share premium

From the share premium account of the Company arising from the new issue of 363,160,000 ordinary shares at an offer price of HK$3.93 per share, an amount of RMB717,657,000 was capitalised.

32. DEFERRED INCOME

Government grants mainly relate to purchase of plant, property and equipment conducted by the Group.

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
At beginning of the year	**20,850**	20,014
Additions	**63,293**	3,174
Charged to consolidated statements of comprehensive income	**(5,121)**	(2,338)
At end of the year	**79,022**	20,850

33. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS

Group

(a) State-managed retirement plan

The Chinese employees of the Group participate in employee social security plans organized and administrated by the PRC government authority. The PRC companies are required to contribute from 20%–22%, depending on the applicable local regulations, of salaries, wages and bonuses to the state-managed retirement plans. The obligation of these PRC companies with respect to the state-managed retirement plans is to make the specified contributions (Note 15).

The total cost charged to consolidated statements of comprehensive income during the years ended 31 December 2012 and 2011 are as follows:

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Contributions to state-managed retirement plans	**129,125**	111,345

At each balance sheet date, the following amounts due in respect of the reporting period had not been paid to the state-managed retirement plans:

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Amounts due to state-managed retirement plans included in trade and other payables	**4,038**	4,868

33. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

Group (continued)

(b) Early retirement and supplemental benefit obligations

The Group has implemented a supplemental defined benefit retirement scheme to certain employees who were retired on or before 31 December 2012, in the PRC. Such supplementary pension subsidies are considered to be defined benefit plans as the Group is obligated to provide post-employment benefits to these employees.

The amount of early retirement and supplemental benefit obligations recognised in the consolidated balance sheets are determined as follows:

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Present value of defined benefits obligations	**1,442,547**	1,552,846
Unrecognised actuarial losses	**43,631**	(10,921)
Liability arising from defined benefit obligation	**1,486,178**	1,541,925
Less: current portion	**(119,004)**	(120,499)
Non-current portion	**1,367,174**	1,421,426

The movements of the Group's early retirement and supplemental benefit obligations for each of the years ended 31 December 2012 and 2011 are as follows:

	At 31 December	
	2012	2011
	RMB'000	RMB'000
At beginning of the year	**1,541,925**	1,580,197
For the year		
– interest cost (Note 15)	**52,468**	60,442
– payment	**(101,721)**	(106,108)
– actuarial gains (Note 15)	**(44,926)**	(58,291)
– past service cost (Note 15)	**37,362**	65,685
– current service cost	**1,070**	–
At end of the year	**1,486,178**	1,541,925

The above obligations were determined based on actuarial valuations performed by an independent qualified actuarial firm, Towers Watson Consulting Company Limited, using the projected unit credit actuarial cost method.

33. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

Group (continued)

(b) Early retirement and supplemental benefit obligations (continued)

The material actuarial assumptions used in valuing these obligations are as follows:

(i) Discount rates adopted (per annum):

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Discount rate	**3.75%**	3.50%

(ii) Mortality: Average life expectancy of residents in the PRC;

(iii) Average medical expense increase rate: 8%;

(iv) Cost of living adjustment (COLA) for beneficiaries: 4.5%;

(v) Medical costs paid to early retirees are assumed to continue until the death of the retirees.

Company

(a) State-managed retirement plan

The Chinese employees of the Group participate in employee social security plans organized and administrated by the PRC government authority. The PRC companies are required to contribute from 20% – 22%, depending on the applicable local regulations, of salaries, wages and bonuses to the state-managed retirement plans. The obligation of these PRC companies with respect to the state-managed retirement plans is to make the specified contributions.

The total cost charged to statements of comprehensive income during the years ended 31 December 2012 and 2011 are as follows:

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Contributions to state-managed retirement plans	**25,775**	23,552

33. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

Company (continued)

(a) State-managed retirement plan (continued)

At each balance sheet date, the following amounts due in respect of the reporting period had not been paid to the state-managed retirement plans:

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Amounts (prepaid)/due to state-managed retirement plans included in trade and other payables	**(45)**	97

(b) Early retirement and supplemental benefit obligations

The Group has implemented a supplemental defined benefit retirement scheme to certain employees who were retired on or before 31 December 2012, in the PRC. Such supplementary pension subsidies are considered to be defined benefit plans as the Group is obligated to provide post-employment benefits to these employees.

The amount of early retirement and supplemental benefit obligations recognised in the consolidated balance sheets are determined as follows:

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Present value of defined benefits obligations	**14,040**	15,090
Unrecognised actuarial losses	**1,231**	–
Liability arising from defined benefit obligation	**15,271**	15,090
Less: current portion	**(376)**	(230)
Non-current portion	**14,895**	14,860

33. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

Company (continued)

(b) Early retirement and supplemental benefit obligations (continued)

The movements of the Group's early retirement and supplemental benefit obligations for each of the years ended 31 December 2012 and 2011 are as follows:

	At 31 December	
	2012	2011
	RMB'000	RMB'000
At beginning of the year	**15,090**	–
For the year		
– interest cost	**535**	–
– Current service cost without interest	**343**	–
– actuarial losses	**(179)**	–
– past service cost	**–**	15,090
– net effect of transfer in	**132**	–
– net effect of transfer out	**(650)**	–
At end of the year	**15,271**	15,090

The above obligations were determined based on actuarial valuations performed by an independent qualified actuarial firm, Towers Watson Consulting Company Limited, using the projected unit credit actuarial cost method.

The material actuarial assumptions used in valuing these obligations are as follows:

(i) Discount rates adopted (per annum):

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Discount rate	**3.75%**	3.50%

(ii) Mortality: Average life expectancy of residents in the PRC;

(iii) Average medical expense increase rate: 8%;

(iv) Cost of living adjustment (COLA) for beneficiaries: 4.5%;

(v) Medical costs paid to early retirees are assumed to continue until the death of the retirees.

34. BORROWINGS

Group

	At 31 December	
	2012 RMB'000	2011 RMB'000
Bank borrowings		
– guaranteed by the Company to its subsidiaries	1,040,000	630,000
– guaranteed by fellow subsidiaries (Note 42(c))	–	20,000
– secured by trade receivables	–	80,000
– unsecured	1,183,840	573,045
Borrowings from related party (i)		
– unsecured (Note 42(b))	160,000	–
	2,383,840	1,303,045
Less: non-current portion	(190,349)	–
Current portion	2,193,491	1,303,045

Note:

(i) On 24 August 2012, the Company and Chinalco Finance Company Limited ("Chinalco Finance") entered into a financial service agreement, pursuant to which Chinalco Finance has agreed to provide the Company with deposit services, settlement services, credit lending services and miscellaneous financial services. The credit lending services are on normal commercial terms; and do not require security or collaterals.

During the year ended 31 December 2012, the Company borrowed RMB200 million from Chinalco Finance and repaid RMB40 million by the end of 31 December 2012.

(ii) As at 31 December 2011, the Group had pledged trade receivable amounting to RMB97.58 million for its short-term borrowings amounting to RMB80 million (Note 22 (iii)).

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	At 31 December	
	2012 RMB'000	2011 RMB'000
RMB	2,339,349	1,250,363
USD (RMB equivalent)	44,491	52,682
	2,383,840	1,303,045

The estimated fair values of borrowings approximate their carrying amounts.

The effective interest rates of borrowings are 1.74%-7.54% and 3.16%-8.00% as at 31 December 2012 and 2011 respectively.

34. BORROWINGS (Continued)

Company

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	At 31 December 2012 RMB'000	2011 RMB'000
Bank borrowings		
– unsecured	**704,491**	491,045
Borrowings from related party (i)		
– unsecured	**160,000**	–
	864,491	491,045

Note:

(i) On 24 August 2012, the Company and Chinalco Finance Company Limited ("Chinalco Finance") entered into a financial service agreement, pursuant to which Chinalco Finance has agreed to provide the Company with deposit services, settlement services, credit lending services and miscellaneous financial services. The credit lending services are on normal commercial terms; and do not require security or collaterals.

During the year ended 31 December 2012, the Company borrowed RMB200 million from Chinalco Finance and repaid RMB40 million by the end of 31 December 2012.

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	At 31 December 2012 RMB'000	2011 RMB'000
RMB	**820,000**	438,363
USD (RMB equivalent)	**44,491**	52,682
	864,491	491,045

The estimated fair values of borrowings approximate their carrying amounts.

The effective interest rate of borrowings is 1.74%–5.60% and 6.10%–6.88% as at 31 December 2012 and 2011 respectively.

34. BORROWINGS (Continued)

The Group has the following undrawn borrowing facilities:

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Expiring within one year	**4,926,701**	1,670,680
Expiring beyond one year	**4,197,780**	11,140,985
	9,124,481	12,811,665

The facilities expiring within one year are annual facilities subject to review at various dates during the respective following years.

35. TRADE AND OTHER PAYABLES

Group

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Trade and notes payable		
Trade payables	**5,777,592**	4,278,393
Notes payable	**280,840**	110,087
	6,058,432	4,388,480
Other payables		
Payment in advance received from Duyun Company (i)	**412,485**	123,525
Provision for litigation (Note 40)	**–**	20,279
Advances from customers	**3,108,486**	1,823,885
Staff welfare payable	**180,445**	202,922
Tax payable	**218,941**	211,213
Deposit payable	**215,388**	120,332
Housing funds raised by employees	**4,339**	42,650
Amounts paid by other parties on behalf of the Group	**205,425**	161,043
Equipment payables	**486**	1,732
Amounts due to related parties	**62,077**	161,683
Loans and borrowings from related party (ii)	**–**	52,345
Others	**169,914**	351,103
	4,577,986	3,272,712
Total trade and other payables	**10,636,418**	7,661,192
Less: Non-current portion (i)	**(343,841)**	(143,835)
Current portion	**10,292,577**	7,517,357

35. TRADE AND OTHER PAYABLES (Continued)

Group (continued)

Notes:

(i) In accordance with the Build-Transfer Contract entered into between the Group and Duyun Company in relation to construction of a road in Duyun, the PRC (Note 22(i) and Note 23(ii)), the Group received advance repayment from Duyun Company during the years ended 31 December 2012 and 2011 amounting to RMB280 million and RMB120 million, respectively. Included in the non-current portion of trade payables amounting to RMB343.8 million and 123.5 million as at 31 December 2012 and 2011, respectively, comprised of the payment in advance and its corresponding interest. The Group requested for payment in advance in accordance with its financial risk management policy to better manage the credit risk (Note 4.1 (b)). This effective interest rate of the payment in advance approximately 4.12% and the advance repayment will be repaid from 2013 to 2015.

(ii) On 13 September 2011, China Nonferrous Metals entered into a loan contract with Luoyang Institute, where Luoyang Institute provided working capital amounting to RMB35 million to China Nonferrous Metals with an annual interest rate of 6%, to be repaid by 12 September 2012. On 18 September 2011, China Nonferrous Metals entered into another loan contract with Luoyang Institute, where Luoyang Institute provided working capital amounting to RMB17.3 million to China Nonferrous Metals with an annual interest rate of 5.9%, to be repaid by 17 September 2012. These loans and borrowings received from related party have been repaid before 17 September 2012.

(iii) On 8 March 2012, China Nonferrous Metal entered into an arrangement with 1,174 employees where China Nonferrous Metal borrowed an amount of RMB101,182,500 from these employees which had been recognised as other payables, at an interest rate of 7.2% to be repayable by 7 March 2013. This amount had been fully repaid by 22 May 2012.

The carrying amounts of the Group's trade and other payables at 31 December 2012 and 2011 approximate their fair values.

Company

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Trade and notes payable		
Trade payables	**2,012,812**	2,529,817
Notes payables	**74,223**	–
Other payables		
Advances from customers	**2,112,456**	1,015,858
Staff welfare payable	**48,624**	56,056
Tax payable	**21,185**	23,297
Others	**559,269**	465,348
	2,741,534	1,560,559
Total trade and other payables – current portion	**4,828,569**	4,090,376

The carrying amounts of the Company's trade and other payables at 31 December 2012 and 2011 approximate their fair values.

35. TRADE AND OTHER PAYABLES (Continued)

Ageing analysis of trade payables is as follows:

Group

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Within 1 year	**4,054,921**	3,218,778
Between 1 and 2 years	**1,326,340**	492,440
Between 2 and 3 years	**161,797**	341,009
Over 3 years	**234,534**	226,166
	5,777,592	4,278,393

Company

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Within 1 year	**1,120,812**	1,936,441
Between 1 and 2 years	**787,182**	193,769
Between 2 and 3 years	**38,414**	270,559
Over 3 years	**66,404**	129,048
	2,012,812	2,529,817

The carrying amounts of the Group and the Company's trade and notes payables are denominated in the following currencies:

Group

	At 31 December	
	2012	2011
	RMB'000	RMB'000
RMB	**8,731,315**	6,817,146
US dollar	**1,642,373**	799,763
Others	**262,730**	44,283
	10,636,418	7,661,192

35. TRADE AND OTHER PAYABLES (Continued)

The carrying amounts of the Group and the Company's trade and notes payables are denominated in the following currencies (Continued):

Company

	At 31 December	
	2012	2011
	RMB'000	RMB'000
RMB	**3,020,770**	3,103,078
US dollar	**1,552,574**	799,763
Others	**255,225**	187,535
	4,828,569	4,090,376

36. CURRENT AND DEFERRED TAXATION

Group

Deferred income tax assets and liabilities recognised:

The analysis of deferred income tax assets and liabilities is as follows:

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	**302,363**	307,647
– Deferred income tax assets to be recovered within 12 months	**22,005**	22,635
	324,368	330,282
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	**(13,640)**	(23,102)
– Deferred income tax liabilities to be settled within 12 months	**(8,211)**	(17,868)
	(21,851)	(40,970)
Deferred income tax assets, net	**302,517**	289,312

36. CURRENT AND DEFERRED TAXATION (Continued)

Group (continued)

The gross movement on the deferred income tax account is as follows:

	At 31 December	
	2012 **RMB'000**	2011 RMB'000
At the beginning of the year	**289,312**	335,432
Charged to equity for fair-value change of available-for-sale financial assets	**9,382**	53,481
Charged to equity for excess of carrying value of assets over their tax bases (Note 16(i) and Note 31(ii))	**–**	(96,514)
Tax credited/(charged) to the consolidated statements of comprehensive income (Note11)	**3,823**	(1,392)
Acquisition of a subsidiary (Note 41)	**–**	(1,193)
Others charged to equity	**–**	(502)
At the end of the year	**302,517**	289,312

The movement in deferred income tax assets/(liabilities) during the years ended 31 December 2012 and 2011 without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Tax losses RMB'000	**Provision for retirement and other supplemental benefit obligation** RMB'000	**Provision for impairment of assets** RMB'000	**Others** RMB'000	**Total** RMB'000
At 1 January 2011	4,760	358,650	70,186	23,081	456,677
(Charged)/Credited to the consolidated statements of comprehensive income	(2,598)	(13,474)	(3,364)	11,905	(7,531)
Others charged to equity	–	–	(288)	(214)	(502)
At 31 December 2011	**2,162**	**345,176**	**66,534**	**34,772**	**448,644**
Credited/(charged) to the consolidated statements of comprehensive income	**(1,677)**	**(15,252)**	**1,608**	**6,162**	**(9,159)**
At 31 December 2012	**485**	**329,924**	**68,142**	**40,934**	**439,485**

36. CURRENT AND DEFERRED TAXATION (Continued)

Group (continued)

Deferred income tax liabilities

	Excess of carrying value of assets over tax bases arising from business combination RMB'000	Change in fair value of available-for-sale financial assets RMB'000	Special reserve RMB'000	Others RMB'000	Total RMB'000
At 1 January 2011	13,089	98,834	8,949	373	121,245
Charged to equity (Note 16(i) and Note 31 (ii))	96,514	(53,481)	–	–	43,033
Acquisition of a subsidiary (Note 40)	1,193	–	–	–	1,193
Credited to the consolidated statements of comprehensive income	(4,743)	–	(1,975)	579	(6,139)
At 31 December 2011	106,053	45,353	6,974	952	159,332
Credited to the consolidated statements of comprehensive income	(10,016)	–	(3,780)	814	(12,982)
Charged to equity	–	(9,382)	–	–	(9,382)
At 31 December 2012	96,037	35,971	3,194	1,766	136,968

Deferred income tax assets not recognised

Deferred income tax assets are recognised for tax losses carried-forward to the extent that the realisation of the related income tax benefits through the future taxable profits is probable. In accordance with the PRC tax law applicable to those companies in their respective jurisdictions, tax losses may be carried forward against future taxable income. The Group did not recognise deferred income tax assets of RMB1,107,280 and RMB116,912 in respect of tax losses amounting to RMB4,429,121 and RMB467,648 as at 31 December 2012 and 2011, respectively, as management believes it is more likely than not that such tax losses would not be realised before they expire. The tax loss for which no deferred income tax assets recognised mentioned would be expired respectively on 2017 and 2016.

36. CURRENT AND DEFERRED TAXATION (Continued)

Company

Deferred income tax assets and liabilities recognised

The analysis of deferred income tax assets and liabilities is as follows:

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	**–**	–
– Deferred income tax assets to be recovered within 12 months	**–**	–
	–	–
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	**–**	–
– Deferred income tax liabilities to be settled within 12 months	**(13,640)**	(17,869)
	(13,640)	(17,869)
Deferred income tax assets, net	**(13,640)**	(17,869)

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
At the beginning of the year	**(17,869)**	(66,293)
Charged to equity for fair-value change of available-for-sale financial assets	**8,586**	51,183
Tax credited to the statements of comprehensive income	**(4,357)**	(2,759)
At the end of the year	**(13,640)**	(17,869)

36. CURRENT AND DEFERRED TAXATION (Continued)

Company (continued)

The movement in deferred income tax assets/(liabilities) during the years ended 31 December 2012 and 2011 without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Provision for retirement and other supplemental benefit obligation RMB'000	Provision for impairment of assets RMB'000	Change in fair value of financial liabilities RMB'000	Total RMB'000
At 1 January 2011	15,853	11,547	–	27,400
Credited to the statement of comprehensive income	1,012	(3,193)	–	(2,181)
At 31 December 2011	16,865	8,354	–	25,219
Credited to the statement of comprehensive income	(1,251)	(4,327)	374	(5,204)
At 31 December 2012	15,614	4,027	374	20,015

Deferred income tax liabilities

	Change in fair value of financial assets RMB'000
At 1 January 2011	93,693
Charged to equity for fair value change of available-for-sale financial assets	(51,183)
Credited to the statements of comprehensive income	578
At 31 December 2011	43,088
Charged to equity	(8,586)
Credited to the statements of comprehensive income	(847)
At 31 December 2012	33,655

37. DIVIDENDS PAYABLE

Group

	At 31 December 2012 RMB'000	2011 RMB'000
Dividends payable:		
Chinalco (i)	–	5,922
Luoyang Institute (ii)	–	20,954
Equity owners of the subsidiaries before transferred to the Group pursuant to Note ((iii) and 1.2(a))	53,080	54,805
	53,080	81,681

Company

	At 31 December 2012 RMB'000	2011 RMB'000
Dividends payable:		
Chinalco (i)	–	5,922
Luoyang Institute (ii)	–	12,535
	–	18,457

Notes:

(i) The dividends payable to Chinalco are related to special dividends (Note 31 (iv)).

(ii) The dividends payable to Luoyang Institute are related to special dividends (Note 31 (iv)) amounting to RMB12,535,000 and dividends payable to Luoyang Institute in its capacity as the equity owner of China Nonferrous Metal before it was transferred to the Group amounting to RMB8,418,000.

(iii) The payment plan of the dividends payable to the then equity owners of subsidiaries prior to the transfer to the Group pursuant to the Reorganisation (Note 1.2 (a)), amounting to RMB53,080,000 has not yet to be agreed between the subsidiary and the then equity owner as at 31 December 2012 and 2011.

38. COMMITMENTS

(a) Capital commitments

Capital commitments for the purchase of property, plant and equipment outstanding at each year-end not provided for in the financial statement were as follows:

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Contracted but not provided for		
– Property, plant and equipment (i)	**188,218**	307,875
Authorised but not contracted for		
– Property, plant and equipment	**37,310**	20,000
	225,528	327,875

(i) On 20 June 2011, Twelfth Construction entered into a sales and purchase contract with Taiyuan China Nonferrous Metal Industry and 12th Metallurgical Real Estate Development Co., Ltd. (太原中色十二冶房地產開發有限公司), a related party, to acquire certain units within an office building to be used for business operations and prepaid an amount of RMB150 million and the final purchase price will depend on the prevailing market price at the point of sale (Note 23 (i) and 42(a)). As at 31 December 2012, the prepayment had been utilised as the consideration of the office building.

(b) Operating leasing commitments

The Group leases various offices, warehouses, residential properties and machinery under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease payments under non-cancellable operating leases are as following:

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Less than 1 year	**8,149**	6,382
1 year to 5 years	**2,249**	7,631
Total	**10,398**	14,013

39. CASH GENERATED FROM OPERATIONS

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Profit before taxation	**1,440,733**	1,096,467
Adjustment for:		
Provision for impairment of trade and other receivables	**31,374**	10,631
Provision for contract work-in-progress and inventories	**(5,542)**	6,005
Depreciation of property, plant and equipment	**120,600**	113,473
Depreciation of investment properties	**1,183**	1,457
Amortisation of intangible assets	**39,507**	39,792
Amortisation of land use rights	**19,415**	17,885
Amortisation of other non-current asset	**1,582**	1,918
Net loss/(gain) on disposal of property, plant and equipment	**1,666**	2,839
Interest income	**(94,622)**	(43,330)
Interest expense	**163,396**	115,858
Net foreign exchange losses	**3,945**	3,350
Share of losses of associates	**2,258**	2,022
Dividend income from available-for-sale financial assets	**(1,887)**	(3,821)
Income from write-back to long outstanding payables	**–**	(29,714)
Gains on disposal of subsidiaries and available-for-sale financial assets	**79**	(1,529)
Increase in fair value in financial assets at fair value through profit or loss	**(1,492)**	(30,559)
Interest received from short-term investment	**(11,240)**	(12,099)
Government grant	**(5,121)**	(2,338)
Cash flows from operating activities before changes in working capital	**1,705,834**	1,288,307
Changes in working capital		
– Inventories	**(94,716)**	(164,786)
– Contract work-in-progress	**(2,516,659)**	(918,953)
– Trade and other receivables	**(2,522,269)**	(382,451)
– Early retirement and other supplemental benefit obligations	**(55,747)**	(76,917)
– Trade and other payables	**2,592,549**	(424,274)
– Restricted cash	**(73,152)**	(28,167)
Cash used in from operations	**(964,160)**	(707,241)

40. CONTINGENCIES

The Group has been named in a number of lawsuits and other legal proceedings arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits based on management's judgments and the legal advice. No provision has been made for pending lawsuits when the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable.

In addition, the Group had contracted with an Iranian company in 2005 and 2008, on certain construction contracts (the "Iran Contracts") in the amounts of RMB7,179.2 million and Euro 199 million, respectively. As of the date of this financial information, the conditions precedents to commencement of work have not been fulfilled. Consequently, no work has started yet. On 8 May 2012, the Group has served a written notice to the Iranian company to terminate these two contracts. This termination may constitute a breach of the contracts and the Group may be liable to compensate the Iranian company for any actual damages it sustains as a result up to 15% of the total contract price of each of the Iran Contracts. The Directors are of the view that the conditions precedent in the contracts have not been satisfied and that actual damages are minimal. Chinalco has agreed to indemnify the Group for all liabilities, losses, damages, costs and expenses (if any) that are incurred by the Group in connection with the termination of the Iran Contracts.

41. BUSINESS COMBINATION

In March 2011, Shenyang Institute acquired a 58% equity share capital in Shenyang Gina Advanced Materials Co., Ltd. (瀋陽金納新材料有限公司) at a total cash consideration of approximately RMB45 million. Details of net identifiable assets purchased and goodwill recognised on the acquisition date on 23 March 2011 are as follows:

	RMB'000
Cash consideration	45,239

Recognised amounts of identifiable assets acquired and liabilities assumed	**Fair value** RMB'000	**Acquiree's carrying amount** RMB'000
Cash and cash equivalents	52,031	52,031
Property, plant and equipment	1,462	1,230
Land use rights	7,659	–
Trade and other receivables	10,931	10,931
Inventories	12,132	12,071
Trade and other payables	(9,481)	(9,481)
Deferred tax liabilities	(1,193)	–
Total identifiable net assets	73,541	66,782
Non-controlling interests	(30,888)	
Goodwill	2,586	
	45,239	
Less: Cash inflow from the acquiree	(52,031)	
Net cash inflow on acquisition	(6,792)	

41. BUSINESS COMBINATION (Continued)

The goodwill of RMB2.586 million is attributable to the profitability of some acquired businesses and the synergies expected to arise after the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

The operations acquired from Shenyang Gina Advanced Materials Co., Ltd. contributed revenue amounted to RMB52 million and results from operating activities amounted to RMB2 million for the period from 23 March 2011 to 31 December 2011. Had the acquisition occurred on 1 January 2011, pro-forma revenue and pro-forma results from operating activities for the year ended 31 December 2011 would have amounted to RMB65 million and RMB4 million, respectively.

42. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. The Group is subject to the control of the PRC government, which also controls a significant portion of the productive assets and entities in the PRC (collectively known as the "state-owned enterprises").

In accordance with IAS 24 "Related Party Disclosures", other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC government are regarded as related parties of the Group ("other state-owned enterprises"). For the purpose of related party disclosures, the Group has in place procedures to identify the immediate ownership structure of its customers and suppliers to determine whether they are state-owned enterprises. Many state-owned enterprises have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs. Nevertheless, management believes that meaningful information relating to related party transactions has been adequately disclosed.

In addition to the related party information shown elsewhere in this report, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties, including other state-owned enterprises, during the years ended 31 December 2012 and 2011, and balances as at 31 December 2012 and 2011 arising from related party transactions.

The transactions with related parties are carried out on pricing and settlement terms agreed with counter parties in the ordinary course of business.

42. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) Significant related party transactions arising with Chinalco and its subsidiaries and jointly controlled entity

	At 31 December 2012 RMB'000	At 31 December 2011 RMB'000
Sales of goods or provision of service to:		
– Ultimate holding company (Note 43)	**8,889**	60
– Associates of ultimate holding company	**48,026**	–
– Fellow subsidiaries	**2,492,907**	3,612,600
– A jointly controlled entity of ultimate holding company	**157,398**	40,629
	2,707,220	3,653,289
Purchases of goods and service from fellow subsidiaries	**75,786**	326,848
Purchase of property from a fellow subsidiary (Note 23 (i) and 38(a)(i))	**–**	150,000
Rental expense	**661**	6,567
Loans and borrowings received from fellow subsidiaries (Note 35(ii))	**–**	52,345
Borrowings from Chinalco Finance (Note 34 (i))	**200,000**	–
Interest received from fellow subsidiaries	**1**	4,782
Interest paid to fellow subsidiaries	**1,766**	–

* General contracting services includes services of project constructions and projects designs.

Apart from transactions with Chinalco and its fellow subsidiaries and jointly controlled entity of ultimate holding company, the Group has transactions with other state-owned enterprises include but not limited to the following:

– Sales and purchases of goods and services;

– Purchases of assets;

– Lease of assets; and

– Bank deposits and borrowings.

In the ordinary course of business, the Group sells goods and services to, and purchase goods and services from other state-owned enterprises based on terms as set out in the underlying agreements, market price or actual cost incurred, or as mutually agreed.

Group places deposits with and receives loans mainly from state-owned financial institutions in the ordinary course of business. The deposit and loans are in accordance with terms as set out in the respective agreement, and the interest rates are set at prevailing market rates.

42. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Year end balances arising from Chinalco and its subsidiaries and jointly controlled entity

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Trade receivables		
– Fellow subsidiaries	**1,689,972**	1,588,858
– Associates of ultimate holding company	**34,394**	–
– A jointly controlled entity of ultimate holding company	**43,432**	46,579
	1,767,798	1,635,437
Prepayments to suppliers		
– Fellow subsidiaries	**46,264**	17,730
Other receivables		
– Fellow subsidiaries	**83,675**	50,966
– Associates of ultimate holding company	**2,664**	–
	86,339	50,966
Trade payables		
– Fellow subsidiaries	**191,705**	234,221
Advance from customers		
– Ultimate holding company	**–**	3,985
– Fellow subsidiaries	**182,426**	192,171
– A jointly controlled entity of ultimate holding company	**6,795**	17,393
	189,221	213,549
Other payables		
– Ultimate holding company	**–**	82,002
– Fellow subsidiaries	**36,253**	183,383
	36,253	265,385
Borrowings		
– Fellow subsidiaries (Note 34(i))	**160,000**	–

Notes:

(i) Other than those loans receivable from related parties as disclosed in Note 23 (iii), trade receivables, prepayments and other receivables are unsecured, interest free and repayable on demand.

(ii) Trade and other payables due to ultimate holding company, subsidiaries, and a jointly controlled entity of ultimate holding company are unsecured, interest free and have no fixed term of repayment.

(iii) All trade receivables and payables will be settled accordingly to the terms agreed with the parties involved.

42. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(c) Financial guarantees

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Borrowings and loans guaranteed by:		
– Fellow subsidiaries	**–**	20,000

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Guarantee provided to:		
– Chinalco Henan Aluminum Fabrication Co., Ltd. (中鋁河南鋁業有限公司)	**–**	48,340

The Group has acted as the guarantor mainly for various external borrowings made by certain fellow subsidiaries.

The Group considers that the fair value of these contracts at the date of inception was not material, the repayment was on schedule and risk of default in payment is remote. Therefore no provision has been made for the guarantees.

(d) Key management personnel remuneration

Key management includes directors (executive and non-executive), supervisors, president, vice presidents, secretary to the Board of Directors and chief accountant of the Company. The compensation paid or payable to key management from employee services is shown below:

	At 31 December	
	2012	2011
	RMB'000	RMB'000
Salaries and other allowances	**1,818**	1,310
Discretionary bonus	**3,487**	2,361
Retired benefits	**197**	189
	5,502	3,860

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES

As at the date of this report, the Company has direct and indirect interests in the following subsidiaries:

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Principal activities and place of operation	Statutory auditors	
			Direct held	Indirect held		2012	2011
		RMB'000					
China Aluminum International Technology Development Co., Ltd. (中鋁國際技術發展有限公司)	The PRC/ 16 August 2006/ Limited liability company	60,000	100%	–	Construction/ The PRC	(ii)	(ii)
China Aluminum International Engineering & Equipment Co., Ltd. (中鋁國際工程設備(北京)有限公司)	The PRC/ 2 November 2010/ Limited liability company	100,000	100%	–	Engineering & Equipment/ The PRC	(ii)	(ii)
Duyun Development Zone Tongda Construction Co., Ltd. (都勻開發區通達建設有限公司)	The PRC/ 27 January 2011/ Limited liability company	230,000	50%	50%	Construction/ The PRC	(ii)	(ii)
Shenyang Aluminum & Magnesium Engineering Research Institute Co., Ltd. (瀋陽鋁鎂設計研究院有限公司)	The PRC/ 17 January 1991/ Limited liability company	403,743	100%	–	Engineering & Research/ The PRC	(i)	(ii)
Shenyang Boyu Science and Technology Co., Ltd. (瀋陽博宇科技有限責任公司)	The PRC/19 May 2003/Limited liability company	9,700	–	100%	Consulting & Engineering/ The PRC	(i)	(ii)
Shenyang Beiding Estate Management Co., Ltd. (瀋陽北鼎物業管理有限責任公司)	The PRC/14 June 1999/Limited liability company	500	–	100%	Property Management/ The PRC	(i)	(ii)
Shenyang Aluminum & Magnesium Technology Co., Ltd. (瀋陽鋁鎂科技有限公司)	The PRC/14 December 2006/ Limited liability company	10,500	–	100%	Consulting & Engineering/ The PRC	(i)	(ii)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Principal activities and place of operation	Statutory auditors	
			Direct held	Indirect held		2012	2011
		RMB'000					
Shenyang Aluminum & Magnesium Engineering & Research Institute Construction Supervision Co., Ltd. (瀋陽鋁鎂設計研究院建設監理有限公司)	The PRC/ 4 March 1994/ Limited liability company	4,118	–	100%	Project Supervision/ The PRC	(i)	(ii)
Shenyang Gina Advanced Materials Co., Ltd. (瀋陽金納新材料股份有限公司)	The PRC/ 6 December 2001/ Limited liability company	40,000	–	58%	Manufacturing/ The PRC	(i)	(ii)
Guiyang Aluminum and Magnesium Design Institute Co., Ltd. (貴陽鋁鎂設計研究院有限公司)	The PRC/ 23 April 2010/ Limited liability company	616,208	100%	–	Engineering & Research/ The PRC	(ii)	(ii)
Sixth Construction (Now known as Sixth Metallurgical Construction Company of China Nonferrous Metals Industry) (中國有色金屬工業第六冶金建設有限公司)	The PRC/ 1 March 1984/ Limited liability company	376,815	100%	–	Construction/ The PRC	(i)	(ii)
Twelfth Construction (Now known as China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd.) (中色十二冶金建設有限公司)	The PRC/ 31 May 1989/ Limited liability company	213,419	100%	–	Construction/ The PRC	(i)	(ii)
Shandong Aluminum Engineering Co., Ltd. (山東鋁業工程有限公司)	The PRC/ 13 October 2001/ Limited liability company	102,900	100%	–	Construction/ The PRC	(i)	(ii)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Principal activities and place of operation	Statutory auditors	
			Direct held	Indirect held		2012	2011
		RMB'000					
Changsha Institute (Now known as China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd.) (中國有色金屬工業長沙勘察設計研究院有限公司)	The PRC/ 17 October 1992/ Limited liability company	50,730	100%	–	Engineering & Research/ The PRC	(i)	(ii)
China Nonferrous Metals Processing Technology Co., Ltd. (中色科技股份有限公司)	The PRC/ 15 January 2002/ Limited liability company	50,000	73.50%	–	Engineering & Equipment/ The PRC	(i)	(ii)
China Aluminum Great wall Construction Co., Ltd. (中鋁長城建設有限公司)	The PRC/ 25 October 1979/ Limited liability company	168,536	100%	–	Construction/ The PRC	(i)	(ii)
Chalieco (Tianjin) Construction Co., Ltd. (中鋁國際(天津)建設有限公司)	The PRC/ 25 December 2006/Limited liability company	143,000	100%	–	Construction/ The PRC	(i)	(ii)
Guiyang Aluminum and Magnesium Design Institute Co., Ltd. (貴陽鋁鎂設計研究院工程承包有限公司)	The PRC/ 8 April 2010/ Limited liability company	2,882	–	100%	Engineering & Research/ The PRC	(ii)	(ii)
Guiyang Zhenxing Aluminum & Magnesium Technological Development Co., Ltd. (貴陽振興鋁鎂科技產業發展有限公司)	The PRC/ 30 April 1998/ Limited liability company	30,000	–	100%	Engineering & Research/ The PRC	(ii)	(ii)
Guizhou Light Metal Innovation Research and Equipment Process Co., Ltd. (貴州創新輕金屬工藝裝備工程技術研究中心有限公司)	The PRC/ 30 April 2010/ Limited liability company	5,000	–	100%	Research & Equipment/ The PRC	(ii)	(ii)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Principal activities and place of operation	Statutory auditors	
			Direct held	Indirect held		2012	2011
		RMB'000					
Guiyang Xinyu Construction Supervision Co., Ltd. (貴陽新宇建設監理有限公司)	The PRC/ 25 June 1994/ Limited liability company	13,420	–	100%	Project Supervision/ The PRC	(ii)	(ii)
Suzhou Engineering & Research Institute for Nonferrous Metal Research Co., Ltd. (蘇州有色金屬研究院有限公司)	The PRC/ 2 December 2002/ Limited liability company	41,550	–	73.5%	Engineering & Research/ The PRC	(iii)	(ii)
Luoyang Jincheng Construction Supervision Co., Ltd. (洛陽金誠建設監理有限公司)	The PRC/ 5 March 2002/ Limited liability company	5,000	–	73.5%	Project Supervision/ The PRC	(i)	(ii)
Suzhou Nonferrous Metal Materials Deyuan Environmental Protection Co., Ltd. (蘇州中色德源環保科技有限公司) (iv)	The PRC/ 16 August 2012/ Limited liability company	Paid Capital: 9,375 Registered Capital: 25,000	–	45.9%	Engineering & Research/ The PRC	(i)	N/A
Sixth Metallurgical Construction Company of China Nonferrous (中國有色金屬工業六冶洛陽有限公司)	The PRC/ 1 March 1989/ Limited liability company	16,598	–	100%	Construction/ The PRC	(i)	(ii)
Shenzhen Changkuan Investigation and Design Co., Ltd. (深圳市長勘勘察設計有限公司)	The PRC/ 10 June 2001/ Limited liability company	15,020	–	100%	Engineering & Research/ The PRC	(i)	(ii)
Hainan Changkan Investigation and Design Co., Ltd. (海南長勘勘察設計有限公司)	The PRC/ 8 November 2001/ Limited liability company	9,062	–	100%	Engineering & Research/ The PRC	(i)	(ii)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Principal activities and place of operation	Statutory auditors	
			Direct held	Indirect held		2012	2011
		RMB'000					
Changsha Institute (長沙有色冶金設計研究院有限公司)	The PRC/ 18 November 1991/Limited liability company	359,938	100%	–	Design & Engineering/ The PRC	(i)	(ii)
Hunan Huachu Machinery Co., Ltd. (湖南華楚機械有限公司)	The PRC/ 17 October 2007/ Limited liability company	4,500	–	100%	Engineering & Equipment/ The PRC	(i)	(ii)
Hunan Huachu Engineering Construction, Consultancy and supervision Co., Ltd. (湖南華楚工程建設諮詢監理有限公司)	The PRC/ 29 March 1993/ Limited liability company	6,000	–	100%	Project Supervision/ The PRC	(i)	(ii)
Hunan Changye Construction Drawing Examination Co., Ltd. (湖南長冶建設工程施工圖審查有限公司)	The PRC/ 18 January 2005/ Limited liability company	3,300	–	100%	Construction Drawing Examination/ The PRC	(i)	(ii)
Luoyang Jinyan Nonferrous Metal Processing Equipment Nonferrous Co., Ltd. (洛陽金延有色金屬加工設備有限責任公司)	The PRC/ 24 April 2001/ Limited liability company	34,300	–	63%	Engineering & Equipment/ The PRC	(i)	(ii)
Metallurgical and Electrical Installation Engineering Co., Ltd of the Sixth Metallurgical Construction Company of China Nonferrous Metals Industry (中國有色金屬工業六冶機電安裝有限公司)	The PRC/ 16 August 1984/ Limited liability company	11,173	–	100%	Construction/ The PRC	(i)	(ii)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Principal activities and place of operation	Statutory auditors	
			Direct held	Indirect held		2012	2011
		RMB'000					
Liaoning Sixth Metallurgical Construction Co., Ltd. (遼寧六冶建設有限公司)	The PRC/ 23 September 2011/Limited liability company	20,000	–	100%	Construction/ The PRC	(i)	(ii)
Sixth Metallurgica (Zhenzhou) Technology Heavy Industry Co., Ltd (六冶(鄭州)科技重工有限公司)	The PRC/ 25 October 2012/ Limited liability company	3,000	–	100%	Engineering & Equipment/ The PRC	(i)	N/A
Suzhou Nonferrous Metal Materials Science and technical development Co., Ltd (蘇州中色金屬材料科技有限公司)	The PRC/ 21 September 2011/Limited liability company	40,000	–	73.5%	Engineering & Equipment/ The PRC	(i)	(ii)
Chongqing Tongye Construction Co., Ltd (重慶通冶建設有限公司)	The PRC/ 2 November 2011/ Limited liability company	250,000	65%	35%	Construction/ The PRC	(ii)	(ii)
Huachu High-Tech (Hunan) Co., Ltd (華楚高新科技(湖南)有限公司)	The PRC/ 17 October 2011/ Limited liability company	15,000	–	100%	Engineering & Research/ The PRC	(i)	(ii)
Chinalco Huada High-Tech Co., Ltd. (中鋁華大科技股份有限公司)	The PRC/ 9 December 2011/ Limited liability company	Paid Capital: 15,900 Registered Capital: 53,000	–	51%	Engineering & Research/ The PRC	(ii)	(ii)
China Nonferrous Metals Industry's 12th Metallurgical Construction (Liaoning) Co., Ltd. (中色十二冶金建設(遼寧)有限公司)	The PRC/ 23 September 2011/Limited liability company	20,000	–	100%	Construction/ The PRC	(i)	(ii)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Principal activities and place of operation	Statutory auditors	
		RMB'000	Direct held	Indirect held		2012	2011
China Nonferrous Metals Industry's 12th Metallurgical Construction (Dalian) Co., Ltd. (中色十二冶金建設(大連)有限公司)	The PRC/ 19 December 2012/Limited liability company	8,000	–	100%	Construction/ The PRC	(i)	N/A
Beijing Huayu Aerospace Control High-Tech Co., Ltd. (北京華宇天控科技有限公司)	The PRC/ 26 October 2011/ Limited liability company	17,500	–	60%	Engineering & Research/ The PRC	(i)	(ii)
Wenzhou Tonggang Construction Co., Ltd (溫州通港建設有限公司)	The PRC/ 2 October 2012/ Limited liability company	30,000	93%	7%	Construction/ The PRC	(i)	N/A
Wenzhou Tongrun Construction Co., Ltd (溫州通潤建設有限公司)	The PRC/ 21 December 2012/Limited liability company	5,000	60%	40%	Construction/ The PRC	(i)	N/A
Chalieco Venezuela C.A (中鋁國際委內瑞拉股份有限公司)	The VE/ 31 August 2012/ Limited liability company	USD10,000	100%	–	Construction/ The Bolivarian Republic of Venezuela	N/A	N/A
China Aluminuium International Engineering (India) Private Limited (中鋁國際工程(印度)私人有限責任公司)	The IND/ 22 November 2012/Private limited	Paid Capital: Nil Registered Capital: USD1,000,000	99.99%	–	Construction/ The Republic of India	N/A	N/A

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Notes:

(i) PricewaterhouseCoopers Zhong Tian CPAs Limited Company (普華永道中天會計師事務所有限公司).

(ii) Zhong Lei Certified Public Accountants (中磊會計師事務所有限公司).

(iii) Beijing Xing Hua Certified Public Accountants (北京興華會計師事務所有限公司).

(iv) China Nonferrous Metal, the subsidiary of Chalieco, held 62.5% of the equity interest and voting right of this company.

All English names represent the best effort by the Directors in translating the Chinese names as they do not have any official English names, and are for reference only.

44. ULTIMATE HOLDING COMPANY

The Directors regard Chinalco as being the ultimate holding company of the Company, which is owned and controlled by State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

45. EVENTS AFTER THE BALANCE SHEET DATE

Other than the subsequent events disclosed below and elsewhere in the consolidated financial statements, no other significant subsequent events took place subsequent to 31 December 2012:

– On 18 January 2013, Guiyang Aluminum and Magnesium Design Institute Co., Ltd, a wholly owned subsidiary of the Company had entered into an equity transfer agreement with Guiyang Aluminum and Magnesium Assets Management Co., Ltd (貴陽鋁鎂資產管理有限公司), a wholly owned subsidiary of Chinalco, to acquire 50% of the equity interest of Zhuhai Xinfeng Mechanical and Electrical Equipment Co.,Ltd. (珠海新峰機電設備有限公司) at a consideration of RMB2.8 million. The transaction has not been completed as of the date of this report.

46. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements have been approved for issue by the Board of Directors on 14 March 2013.

GLOSSARY OF TERMS

"Articles of Association"	articles of association of the Company
"Associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	board of Directors of the Company
"Company" or "our Company", "Chalieco", we" or "us"	China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司), a joint stock limited company incorporated under the laws of the PRC on 30 June 2011, and except where the context otherwise requires in respect of the period before our Company become the holding company of our present subsidiaries, the present subsidiaries of our Company and the business carried on by such subsidiaries or (as the case may be) their respective predecessors
"Chinalco"	Aluminum Corporation of China (中國鋁業公司), a state-owned enterprise incorporated under the laws of the PRC and our Controlling Shareholder
"Chalco"	Aluminum Corporation of China Limited (中國鋁業股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC and listed on New York Stock Exchange, Shanghai Stock Exchange and the Stock Exchange (stock code: 2600) and a subsidiary of Chinalco
"Changkan Institute"	China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd. (中國有色金屬長沙勘察設計研究院有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company
"Changlv Construction"	China Aluminum Great Wall Construction Co., Ltd. (中鋁長城建設有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company
"Changsha Institute"	Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy (長沙有色冶金設計研究院有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company
"China Aluminum Equipment"	China Aluminum International Engineering Equipment (Beijing) Co., Ltd. (中鋁國際工程設備(北京)有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company
"China Aluminum Technology"	China Aluminum International Technology Development Co., Ltd. (中鋁國際技術發展有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company
"Chongqing Tongye"	Chongqing Tongye Construction Engineering Co.,Ltd. (重慶通冶建設工程有限公司), a limited liability company incorporated in the PRC, the equity interest of which is held by our Company (as to 65%) and Twelfth Metallurgical Company (as to 35%)

"CNPT"	China Nonferrous Metals Processing Technology Co., Ltd. (中色科技股份有限公司), a joint stock limited liability company incorporated in the PRC and a subsidiary owned as to 73.5% by our Company, and (when the context requires) its subsidiaries
"Company Law"	Company Law of the PRC (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Tenth National People's Congress on 27 October 2005 and effective on 1January 2006, as amended, supplemented and otherwise modified from time to time
"Connected Person"	has the meaning ascribed thereto in the Listing Rules
"Controlling Shareholder"	has the meaning ascribed thereto in the Listing Rules
"Director(s)"	director(s) of our Company
"Domestic Shares"	ordinary shares of our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"Duyun Tongda"	Duyun Development Zone Tongda Construction Co., Ltd. (都勻開發區通達建設有限公司), a company incorporated in the PRC with limited liability, the equity interest of which is held by our Company (as to 50%), Sixth Metallurgical Company (as to 30%) and GAMI (as to 20%)
"EPC"	a business model in which the contraction is commissioned by the proprietor for the design, procurement and construction and will tender the project to the proprietor upon completion for inspection for acceptance and the proprietor is responsible for financing
"GAMI"	Guiyang Aluminum & Magnesium Design Institute Co., Ltd. (貴陽鋁鎂設計研究院有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company, and (when the context requires) its subsidiaries
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group"	the Company and its subsidiaries
"H Share(s)"	the overseas listed foreign invested shares, with a nominal value of RMB1.00 each in the ordinary share capital of our Company, which are to be subscribed for and traded in HK dollars and for which an application has been made for the granting of listing, and permission to deal, on the Stock Exchange
"HK$" or "Hong Kong dollars" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange"	the Stock Exchange of Hong Kong Limited

"IFRS"	International Financial Reporting Standards issued by the International Accounting Standards Board
"Jinlv Construction"	Tianjin Jinlv Construction Co., Ltd. (天津晉鋁建設有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company
"Listing"	listing of our H Shares on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Luoyang Institute"	Luoyang Engineering & Research Institute for Nonferrous Metals Processing (洛陽有色金屬加工設計研究院), an enterprise incorporated in the PRC owned by the whole people, one of our Promoters and Shareholders
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Nomination Committee"	the nomination committee of the Board
"PRC" or "China" or "People's Republic of China"	the People's Republic of China which, for the purpose of this prospectus, excludes Hong Kong, Macau Special Administration Region of the PRC and Taiwan
"NSSF"	National Council for Social Security Fund of the PRC
"OFAC"	The U.S. Department of Treasury's Office of Foreign Assets Control
"Prospectus"	the Prospectus issued on 22 June 2012 by the Company
"Province" or "province"	a province or, where the context requires, a provincial level autonomous region or municipality under the direct supervision of the central government of the PRC
"Renminbi" or "RMB"	the lawful currency of the PRC
"Remuneration Committee"	the remuneration committee of the Board
"Risk Management Committee"	the risk management committee of the Board
"SAMI"	Shenyang Aluminum & Magnesium Engineering & Research Institute Co., Ltd. (瀋陽鋁鎂設計研究院有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company, and (when the context requires) its subsidiaries
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanlv Construction"	Shandong Aluminum Engineering Co.,Ltd. (山東鋁業工程有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company

"Shanxi Aluminum Plant"	Shanxi Aluminum Plant (山西鋁廠), a wholly owned subsidiary of Chinalco
"Shareholder(s)"	holder(s) of our Shares
"Shares"	shares in the share capital of the Company with a nominal value of RMB1.00 each, comprising the Domestic Shares and the H Shares
"Sixth Metallurgical Company"	Sixth Metallurgical Construction Company of China Nonferrous Metals Industry (中國有色金屬工業第六冶金建設有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company
"subsidiary", or "subsidiaries"	has the meaning ascribed thereto in section 2 of the Companies Ordinance
"Supervisor(s)"	one (or all) of our supervisors
"Supervisory Board"	board of Supervisors of the Company
"Tianjin Construction"	Chalieco (Tianjin) Construction Co., Ltd.
"Twelfth Metallurgical Company"	China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd. (中色十二冶金建設有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"Wenzhou Tonggang"	Wenzhou Tonggang Construction Co., Ltd.
"Wenzhou Tongrun"	Wenzhou Tongrun Construction Co., Ltd.

CORPORATE INFORMATION

LEGAL NAME OF THE COMPANY

中鋁國際工程股份有限公司

ENGLISH NAME OF THE COMPANY

China Aluminum International Engineering Corporation Limited

REGISTERED OFFICE

Building C, No. 99, Xingshikou Road
Haidian District
Beijing
PRC

HEAD OFFICE IN THE PRC

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JOINT COMPANY SECRETARIES

Mr. Wang Jun
Mr. Lam Chun Lung, Raymond

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As to Hong Kong law

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Central
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As to PRC law

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Ocean Plaza
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Bank of Communication Co., Ltd.
Beijing Branch
1st Floor, Tongtai Building
No. 33, Finance Street
Xicheng District
Beijing
PRC

China Minsheng Bank Corp., Ltd.
Beitaipingzhuang Sub-branch
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Beijing
PRC

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STOCK CODE

02068

INVESTORS' ENQUIRIES

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CHALIECO

中鋁國際工程股份有限公司

China Aluminum International Engineering Corporation Limited